

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

Review PIF 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

4/11/2023

Review completed by PM

4/17/2023

Program Manager

Tshewang Dorji

Focal Area

Climate Change

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

2. Project Summary

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 results?

Secretariat's Comments

GEFSEC, 4/17/2023: The project summary need to clearly mention what are the main climate hazards and its impacts on the population and ecosystem in the project area.

The PIF also need to clarify the main objective of the proposed prospects with clear linkages to the key adaptation benefits and expected results.

GEFSEC, 5/5/2023: Thanks for the revision. Cleared

Agency's Comments

Response 3 May 2023:

The revised PIF has logically presented the climate change impacts on the cities in Bhutan. In addition, it also links the impact with proposed adaptation measures and benefits to the population, economy and eco-system in a transformative way.

The updated PIF describes the current climate and projected climate-induced hazards and their impacts. Please refer to the project summary for further details.

Also, the Summary outlines that the project will enhance the adaptive capacity of 146,298 (71,087 Women) and invest in nature-based solutions in 400 hectares of urban areas to manage climate-induced risks and stresses on water resources. This will be done through engagement and capacity building of stakeholders on gender-responsive and resilient urban planning and infrastructure development.

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?

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?

Secretariat's Comments

GEFSEC, 4/17/2023:

a) Yes, but clarity on whether the geographical scope of the project is only urban area of Thimphu and Paro or entire dzongkhags

b) The components, outcomes and outputs are adequate, but it needs further elaboration during PPG. For Example, while good element of private sector engagement and entrepreneurship are indicated in the document, how the project will ensure strong engagement from them and catalyze entrepreneurship is not clear. The PIF mentions that incentives will be created, but these are not clear. Please further elaborate on these points to extent possible at this stage and also provide more clarity on the plans around these element during PPG.

GEFSEC, 5/5/2023: Thanks for the revision. Cleared. During the PPG phase, please consider changing the Component Type for Component 2 to "Investment" instead of "Technical Assistance"

Agency's Comments**Response 3 May 2023:**

a) The upstream plans and strategies for climate risk-informed coordination, inclusive planning, governance and training including knowledge products and communications are planned to make a transformative impact in the urbanization process of the country, while producing co-benefit to the entire dzongkhags/districts. The climate-proofing of infrastructures and demonstration of nature-based solutions are proposed for two selected cities (including peri-urban areas) of Thimphu and Paro only, not entire dzongkhags. However, as noted the geographic scope of intervention fully considers watershed conditions withing which these target urban areas are located.

- b) The comments are well noted. The engagement of private sector, which are key of Govt. agenda, will be elaborated further during the PPG phase, and be reflected in the Stakeholder Engagement Plan. The private sector development is the core to the theory of change of the project, but further elaboration could not be possible at this stage as some of the key policies i.e. Public-Private Partnership policy and the Green Financing Roadmap are under review and at the final stage. Once they are finalized, extent and scope of private sector engagement through an appropriate financing strategy will be furnished in the PPG phase (options of positive green / climate resilient subsidies, incentives and performance-based schemes for resilient housing among others will be reviewed in depth). In a similar way, resilient entrepreneurship development is another core strategy of the project as a means to develop resilient urban economy. The PPG phase will map those specific areas of entrepreneurship development. Once done, specific strategy on skills and financing will be set out in the project.

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

3.3 a) Are the components adequately funded?

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

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

GEFSEC, 4/17/2023:

a) Please describe, concisely, the current situation within the context of climate hazards and underlying socio-economic and other conditions that influences the vulnerability to the people and ecosystem, and ongoing measures to address the climate impacts

b) Barriers and enablers are identified. However, it needs more clarity on technological barrier

GEFSEC, 5/5/2023: Thanks for the revision. Cleared

Agency's Comments

Response 3 May 2023:

- a) The PIF adopts a systems approach and a people-centric principle in designing the outcomes and outputs. Therefore, interventions are selected with an aim to generate multiple benefits. Further, the interventions are designed to support vulnerable population, economy, city landscape and ecosystem to adapt to the climate induced temperature and precipitation changes resulting in more frequent and intense flooding, cyclone, landslides, and forest fires. The selected cities are more vulnerable primarily due to their natural growth and expansion without considering the climate risks. The PIF identified five main drivers constructing the context of risk and vulnerabilities of the selected cities for the project.

First, both Thimphu and Paro are located in the river valleys with limited infrastructure that can withstand the risks. Second, the accumulated risk can only be addressed by transformation of the city planning and management, which is constrained by fragmented coordination of the urban associated agencies and limited capacity to employ risk management system/tools and technology. Third, urban livelihoods (especially, the small business which makes up 90% of the registered business) are very much dependent on supply chain of goods and services, which are now more frequently disrupted due to the climatic events. Thus, people living in fragile settlements and in informal economy are especially vulnerable to income loss for a certain period of a year. Fourth, chronic deficit in investment in relevant infrastructure together with inadequate access to finance for the small business continue to drive the vulnerability of the cities and their population. The additional finances to address deficit infrastructure and making the existing ones resilient would also continue to become a challenge for city authorities unless new financing solutions and incentives are offered. Finally, absence of locally appropriate technologies especially for data for decision making, resilient infrastructure, housing stock and drainage system will constrain advancement of resilient urbanization, unless they are developed for local adoption reinforced by additional finance and capacity.

On-going reforms in the financing landscape such as fiscal decentralization, Public-Private-Partnership policy, focus on private sector growth, ease of accessing finances for small businesses would enable the project to develop tailor made financing solutions for the municipalities and the central government to solve the financing constraints.

b) Bhutan's ability to advance climate resilient urban planning is constrained by limited capacity to utilise data, technology, and risk management tools. The PIF identified four such critical areas i.e. urban infrastructure, urban-specific early warning, spatial planning and housing which require development and adoption of locally appropriate technologies to become climate resilient. The changing development context of Bhutan offers critical enablers that will help the project to achieve its objective. Enhancing the capacity of Local government including the municipalities is a core priority of the key performance

indicator of the upcoming 13th Five Year Plan. Further both Urbanization and Resilient infrastructure have received renewed attention in the same plan. The Government is, as part of 13th FYP is also developing a separate strategy on digitization and technology to accelerate attainment of the development priorities. The country already has a network of technological universities, research institutions and the private sector entities, which would further enable the project to leverage their capacity to support developing the technological solutions identified in the PIF.

Please refer to the Technological barrier section within the project rationale section in the GEF portal.

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) 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?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

GEFSEC, 4/17/2023:

a) Yes

b) Yes

c) Yes

d) Please consider additional stakeholders such as Ministry of Finance and national climate agency

GEFSEC, 5/5/2023: Thanks for the revision. Cleared

Agency's Comments

Response 3 May 2023:

d.) We agree and the PIF is in fact developed in close consultation and coordination with the Ministry of Finance (MOF), the National Center for Hydrology and Meteorology, and the Department of Environment and Climate Change. These agencies, because of their mandate relevant to the project, will have appropriate roles in the design (in PPG phase) and implementation of the project. Those roles will be specified in the project document. The MOF will have a key role to design and offer financing solution for private sector engagement.

The Ministry of Finance is identified as a stakeholder and included under the Project Stakeholders list. The National Center for Hydrology and Meteorology (NCHM), which is

a national climate agency, is also included in this list. Please refer to the project stakeholders table for details.

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

GEFSEC, 4/17/2023:

a) Yes

b) Yes

Agency's Comments

5.2 INCREMENTAL/ADDITIONAL COST REASONING

Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) Is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) Are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

GEFSEC, 4/17/2023:

PPG and implementation modality: PIF states that PPG will be directly implemented by UNDP. It also mentions that UNDP CO will support or third-party will engage in the project execution. Further clarification on how the project will ensure strong country ownership and ensure knowledge and experience is accumulated in the country, might be necessary.

- Coordination: project can also coordinate with GEFID: 10779 LDCF project on resilient water management.
- GCF: Meta-Information indicates that this project will collaborate with GCF, while no detail is provided.

GEFSEC, 5/5/2023: Thanks for clarification. Cleared

Agency's Comments

Response 3 May 2023:

National ownership will be the core principle to guide the project execution.

The PPG will be managed by UNDP under the guidance of the Ministry of Infrastructure and Transport (as the Executing Entity), MoF as GEF OFP and other national entities. National priorities and policies i.e. Nationally Determined Contributions (NDC) and National Adaptation Plan (NAP) will be the core guiding documents during the design of the project.

The project is implemented, following UNDP's Support to NIM Modality, and managed by the Ministry of Infrastructure and Transport, where the Project Management Unit will be housed. Scope and extent of UNDP's implementation support, when needed, will be discussed during the PPG phase. Support to NIM's principle is designed to ensure highest possible national ownership, therefore, any decision related to any UNDP's implementation support will be guided by Govt.'s request and UNDP's Agreement with the GEF only.

The PIF has already crafted a strong knowledge management outcome to further enhancement of national body of knowledge. It will be supported with strong dissemination and communication strategy of the replicable practices and lessons. Project progress and results will be effectively tracked and managed through monitoring and evaluation.

The project will closely coordinate with the identified LDCF project to build synergies. The partnership and collaboration with GEFID: 10779 LDCF project on resilient water management is included under the Project baseline and key barriers.

With regard to the GCF reference in the Meta-Information this was an insertion error in the portal which has now been corrected. However, the project will seek collaboration with ongoing/future GCF project working on improving the climate information system as appropriate.

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

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

Secretariat's Comments

GEFSEC, 4/17/2023

a) Yes

b) The project mentions private sector engagement, but it is not reflected in the core indicator

GEFSEC, 5/5/2023: Thanks for the clarification. Cleared

Agency's Comments

Response 3 May 2023:

b.) The extent of Private sector engagement has not been specifically determined at the PIF phase, but it is expected that the project will engage with a minimum of two private sector enterprises in climate change adaptation and resilience actions. Additional text clarifying this has been added.

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

Secretariat's Comments N/A

Agency's Comments

5.6 RISKS

a) Are climate risks and other main risks relevant to the project described and addressed within the project concept design?

b) Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?

c) Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

5.7 Qualitative assessment

a) Does the project intend to be well integrated, durable, and transformative?

b) Is there potential for innovation and scaling-up?

c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

GEFSEC, 4/17/2023

a) Yes

c) Yes

Agency's Comments

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

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

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's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

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's Comments N/A

Agency's Comments

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

8 Annexes

Annex A: Financing Tables

8.1 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's Comments N/A

Agency's Comments

Focal Area allocation?

Secretariat's Comments N/A

Agency's Comments

LDCF under the principle of equitable access?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

SCCF A (SIDS)?

Secretariat's Comments N/A

Agency's Comments

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

Secretariat's Comments N/A

Agency's Comments

Focal Area Set Aside?

Secretariat's Comments N/A

Agency's Comments

8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

GEFSEC, 4/17/2023: Yes

Agency's Comments

8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments

GEFSEC, 4/17/2023

Although LDCF does not have a co-financing related target, current co-financing ratio is 1:2.5 which is significantly lower than the average of about 1:5. Also there is no co-financing from the Agency or the private sector expected to be engaged.

GEFSEC, 5/5/2023: Thanks for the clarification. Cleared

Agency's Comments

Response 3 May 2023:

The co-financing, identified at the PIF, is pegged at the ratio of 1:2.5, which is set at a lower limit inclusive of the co-financing solely from the government entities. However, the detailed co-financing data will be worked out in the PPG phase which will comprise of co-financing from private sectors and other relevant agencies as the Stakeholder

Engagement Plan firms up. Hence it is anticipated that there will be an increase of the co-financing ratio during the PPG phase. At the PIF stage, USD 75,000 agency co-financing is anticipated towards the Project Management Cost. UNDP will explore additional co-finance at the project design stage. This change has been reflected in the Project Indicative Overview.

Annex B: Endorsements

8.4 Has the project been endorsed by the country? (ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

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

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

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

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments N/A

Agency's Comments

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project's intended location?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

Annex E: Rio Markers

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

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments GEFSEC, 4/17/2023: Yes

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is

the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments N/A

Agency's Comments

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

GEFSEC, 4/17/2023: Not yet. The agency need to address the above mentioned comments and resubmit

GEFSEC, 5/5/2023: The PIF is recommended for technical clearance

Agency's Comments **Response, 3 May 2023:**

The revised PIF incorporating all the comments is resubmitted for approval.

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

Agency's Comments

Review Dates

	PIF Review	Agency Response
First Review	4/21/2023	
Additional Review (as necessary)	5/5/2023	
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Review

Agency Response

Additional Review (as necessary)