

Strengthening institutional and technical capacities for enhanced transparency in implementation and monitoring of Bhutan's Nationally Determined Contribution (NDC)

Review PIF and Make a recommendation

Basic project information

GEF ID

10669

Countries

Bhutan

Project Name

Strengthening institutional and technical capacities for enhanced transparency in implementation and monitoring of Bhutan's Nationally Determined Contribution (NDC)

Agencies

FAO

Date received by PM

9/15/2020

Review completed by PM

1/22/2021

Program Manager

Milena Vasquez

Focal Area

Climate Change

Project Type

MSP

PIF

Part I ? Project Information**Focal area elements**

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes, the project is aligned with the GEF focal area elements.

1/28/2021: As the LOE does not specify the Executing Agency as being the National Environment Commission (NEC), please change the Executing Agency listed in this Part I - Project Information to "TBD" and submit an updated LOE at CEO Approval that specifies the Executing Agency.

2/16/2021: This has been addressed. Cleared.

Agency Response

RE 28 Jan:

We have updated the Portal accordingly. We will submit the updated LOE in due course.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Component 1 is titled "Enhancing institutional arrangements to coordinate preparation of ETF reports". However, this component includes building technical capacities (Outputs 1.2.1 and 1.2.2) and other elements (1.1.3 and 1.1.5). We recommend reorganizing the components so that they are better organized under relevant titles/headings.

12/22/2020: Components are slightly clearer. Please see below:

- Under Component 1, Outcome 1, there is no output that will aim to establish the institutional arrangements for the sustainable creation of knowledge and capacities. Consider adding an output that aims to identify and set up partnerships with key training institute(s) to provide capacity building on a continuous basis. This output could then link directly to the training activities under components 2 and 3. This would also address how the project would support "enhanced transparency over time".

- If Component 1 feels too complex, it could be split to have a separate component focused on Outcome 1.2.

- Component 2 makes reference to tracking NDC progress, but all the outputs are focused on the GHG inventory improvements. There are no outputs to support the establishment of the system to track implementation and progress in achieving NDC. Please add.

- Further, consider refining the language of the Component based on the current context to account for improvements to the GHG MRV system and creation of an NDC tracking system. For example: "Strengthen MRV System and Establish system to track implementation and progress in achieving NDC, . Likewise for the outcome, for example "System developed to monitor NDC implementation and progress and continuous improvements to GHG inventories and data quality".

1/22/2021: Comments above have been addressed.

1/28/2021: On Proportionality of PMC: there is no proportionality in the co-financing contribution to PMC ? it should be around 10% as it is the GEF contribution. Hence, for

a co-financing of \$1,745,600, the expected contribution to PMC should be around \$174,560 instead of \$150,000. Please address.

2/16/2021: This has been addressed. Cleared.

Agency Response

RE 22 Oct:

Component 1 and Outcome 1.1 and 1.2 wording has been revised to make clearer that this component includes both institutional frameworks as well as knowledge and capacities for the use of transparency information in policy processes. Previous Outputs 1.1.3 and 1.1.5 have been moved to new Outcome 1.2.

RE 22 Dec:

Component 1

- Thank you for the suggestion. New Output 1.1.2 has been added, "Partnerships with key training institute(s) identified and established to support capacity building and knowledge creation on a continuous basis." It has also been clarified, in *Section 3) Proposed alternative scenario*, that this output will be linked with the training activities under Components 2 and 3.
- Outcomes 1.1 and 1.2 have been kept under Component 1 as it is still considered not too complex by the project design team. However, previous Output 1.1.1 (gap analysis) has been incorporated into new Output 1.1.1 to reduce complexity.
- Additionally, new Output 1.1.1 wording (institutional arrangements) has been revised to incorporate an aspect on NDC tracking. Output 1.2.2 has been slightly reworded to make it clearer.

Component 2

- New Output 2.1.3 has been added, "System established to track implementation and progress in achieving NDC mitigation targets." Previous Outputs 2.1.2-2.1.4 have been grouped under new Output 2.1.2 to reduce complexity and to emphasize more the NDC tracking system.
- Component 2 wording has been revised as follows, "Establishing a system to monitor and report on NDC mitigation targets, including strengthening of MRV system".

Outcome 2.1 wording has been revised as follows ?System in place to monitor and report on NDC mitigation targets and continuous improvements to GHG inventories and data quality?.

RE 28 Jan:

We have updated the co-financing amount accordingly.

Co-financing

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, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: The co-financing amount includes a significant grant from the GCF for a NAP project. Please clarify the timing of that grant and project. We are not sure it can be included as investment mobilized here (while we understand that they are not recurrent expenses, we do not necessarily think it can be counted as investment mobilized by this project.) Instead it may be a baseline investment (or only a portion of it could be co-financing--remember that this amount would have to be confirmed by the source of co-financing at the time of endorsement). Additionally, while that project is focused on adaptation, the breakdown of funds indicates that the co-financing amounts for Component 3 is only \$1,050,000. Please clarify how the co-financing amounts will be used towards what activities.

12/22/2020: Thank you for the additional clarification and adjustments. Considering the GCF funds might be used in 2021, and that this project would get endorsed sometime in 2021, it is likely that these resources will no longer be able to count as co-financing at the point of CEO endorsement. For now, we are able to accept the current estimation as submitted, but consider this during project development and CEO endorsement submission when the timelines for implementation will be clearer.

1/22/2021: Cleared.

Agency Response

RE 22 Oct:

Co-financing from the GCF NAP project has been reassessed. The USD 2.7 million GCF "Adaptation Planning support for Bhutan (NAP readiness project)" was approved in January 2019 and is expected to be completed end of 2021. Thus, only about 1.5 million of the USD 2.7 million should be indicated as co-financing/ investment mobilized of the GEF CBIT project.

The co-financing figures in the PIF have been revised accordingly. Potential additional co-financing from other GCF project will be explored during the project preparation phase.

The co-financing amounts per components have been revised to reflect that the majority of co-financing will be under Component 3 (adaptation). Nevertheless, GCF co-financing will also contribute to Component 1 (institutional coordination and strengthened knowledge and capacities for use of information) as well as the PMC.

RE 22 Dec:

Well noted, thank you. The co-financing figures will be reassessed and reconfirmed during project preparation. Additional co-financing will be identified as needed.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: The proposed resource request seems high when compared to other projects for similar sized countries and considering the list of outputs. Please consider reducing slightly, particularly considering the high level of support for the adaptation-relevant transparency activities.

12/22/2020: Thank you for the clarification. We made a suggestion for an additional output in Component 1 to ensure the sustainability of the capacity that will be built with this project through partnership with a key training institute. We also made a comment regarding the development of an NDC tracking system which is not currently clear under Component 2. If these are taken into account, the resource request will be more in line with our experience.

1/22/2021: Cleared.

Agency Response

RE 22 Oct:

This has been discussed with national partners and the project formulation team would like to maintain the resource request at its current level, with the following justification:

- ? The indicated GEF project financing is required to adequately meet the needs of Bhutan to enhance capacity for reporting under the ETF. Bhutan is expected to graduate from its LDC status in 2023. By that time, Bhutan will have to be able to prepare reports under the ETF without outside support. Also, it will have to fulfil additional requirements based on its new status as middle-income country. Therefore, it is important to put in place the required institutional and technical capacities for Bhutan to be able to fulfil its commitment under the Paris Agreement in the future.
- ? The Bhutan CBIT project includes some additional outputs that are expected to provide valuable lessons learned to other countries in Asia and globally, including Output 1.2.2 on quantification of climate change impacts and policies; and Output 1.2.3 on establishing a system to track/tag climate change financing in the national budgetary framework. These will be shared with other LDC and middle/upper-income countries.
- ? Additionally, the costs for international experts to travel to Bhutan, and for organizing meetings, travel etc. within the country, are higher than in other countries in Asia.

RE 22 Dec:

Thank you. The additional outputs have been added as suggested. Please refer to the response to comment 2 above.

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: This project is requesting resources from the CBIT set aside.

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: This project is requesting resources from the CBIT set aside.

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: N/A

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: This project is requesting resources from the CBIT set aside. As of this date, there are enough resources to support it.

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: N/A

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: Yes, the PPG request is within the allowable cap.

Agency Response

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Please provide a short description of the methodology used to arrive at the number of direct beneficiaries for Core Indicator 11.

12/23/2020: Thank you for the below response. Please add this explanation to the space provided below the Core Indicators table (highlighted below):

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

And replace the text that is currently there as this is not an explanation:

The project contributes to the Capacity Building Initiative for Transparency (CBIT) under the GEF-7 Climate Change Mitigation Focal Area Strategy to support projects that build institutional and technical capacity to meet the enhanced transparency requirements in the Paris Agreement. The CBIT aims to: ? Strengthen national institutions for transparency-related activities in line with national priorities; ? Provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement; and ? Assist in the improvement of transparency over time.

1/22/2021: Cleared.

Agency Response

RE 22 Oct:

The direct beneficiary number was estimated through expert judgment and based on current and desired future involvement of personnel from the various sectors (including public and private sector, civil society, academia).

Currently, it is estimated that less than 50 staff have participated in technical working groups/training related to reporting under UNFCCC. This number should be increased to at least 200 to ensure that the necessary national capacity is in place. The percentage of women currently is estimated to be below 25%; and should be increased to at least 30%.

RE 23 Dec:

Thank you. The explanation under the Core Indicators table has been replaced with the beneficiary explanation.

Project/Program taxonomy

7. Is the project/program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: Yes, the project is properly tagged.

Agency Response

Part II ? Project Justification

1. Has the project/program described the global environmental/adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion 10/22/2020: Yes, the section provides an overview of the global environmental/adaptation problems including the root causes and barriers. Please provide additional details on the gaps and barriers in capacity for using 2006 Guidelines (particularly within the scope of the latest inventory preparation for the BUR).

12/23/2020: Thank you for these additional clarifications.

The barriers identified and the additions provided give a better justification for the outputs suggested in the alternative scenario, but some do not explain the underlying reason for the barriers or how they have been identified. For example, the section states "There is limited data and information to provide robust analysis of land use issues, including gender-disaggregated data." How has this been evident and how has it affected national policy-making and reporting? What is the effect of a lack of gender-disaggregated data? Later on, it states "The CBIT project will be able to focus on specific sectors that need strengthening, such as the AFOLU sector." However, it seems the baseline for adaptation is actually quite strong. Please revise a little further this section to clarify the barriers and reasons for them from experience to date and identified.

Overall, this section is quite long for a PIF. The section on the Enhanced Transparency Framework can be streamlined. Regarding the outline of Bhutan's NDC, please clarify the status on the 2020 update in this section.

1/22/2021: OK. Cleared.

Agency Response

RE 22 Oct:

Additional explanations have been added in section 1) Global environmental / adaptation problems; and section 2) Baseline scenario, as follows:

- ? Collection, compilation and development of GHG inventory reports have been mostly project-based and rely on external consultants. Only a limited number of national experts could be engaged in MRV activities related to UNFCCC reporting, and only a few were trained on the 2006 IPCC Guidelines. Capacity building needs to be extended to a wider group of professionals beyond the NTWG members; and capacity needs to be developed to be able to prepare reports without the support of outside consultants. Currently, national experts in the technical working groups mostly provide or validate specific, ad hoc information, but without going into detail. Also, Bhutan does not yet have a solid quality assurance and quality control (QA/QC) process in place outside the ad hoc technical working groups and validation workshops. Furthermore, for all sectors except forestry, reporting is currently done using Tier 1 (non-country specific) emission factors.
- ? Additionally, more detailed activity data is required to support the refinement of inventory estimates and enhance the quality and accuracy of future emission inventories.
- ? Lastly, national stakeholders and institutions have not yet been trained on and prepared for the additional reporting requirements under the MPGs, such as reporting on climate finance, institutional arrangements, uncertainty assessment, technical review process, and tracking progress against NDC targets.

RE 23 Dec:

Additional explanations have been added in the barrier description, as follows.

- Barrier 2: Although the different sectors have put in place data management systems as part of previous GHG inventories, these systems are not yet integrated nor do they follow common data protocols. These limitations have been recognized by stakeholders from all sectors consulted during the PIF development. The main reason for this is the absence of clear, formalized systems, procedures and protocols as well as frameworks for the sustainable creation of knowledge and capacities.

There is limited data and information to provide robust analysis of land use issues; including gender-disaggregated data. This is evident in the fact that adaptation and mitigation targets in the NDC and relevant national policies are still stated in general

terms and not yet as specific indicators and targets; and by the absence of gender-sensitive/responsive indicators and targets.

- Barrier 3: As identified during the development of the Third National Communication (TNC), Bhutan lacks capacity and experience in inventory compilation, and this was found to be a critical constraint in all the processes related to the National Communications.

- Barrier 4: The following sentence has been clarified: The CBIT project will be able to focus on specific sectors that need strengthening, such as with regard to specific indicators and targets and monitoring capacity for the AFOLU sector.

- We recognize that the section is a bit long for a PIF. Nevertheless, we would like to keep the section as is (including the explanation on the ETF), as we believe that it will help facilitate a common understanding of the project among the various stakeholders.

- A clarification has been added that Bhutan is currently preparing its Second NDC, expected to be submitted in 2021.

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes, this section appropriately describes the baseline scenario. Please provide years for the initiatives included under the donor-funded table to better understand the potential relevance, overlap and/or synergies.

12/23/2020: Thank you for adding timelines. This section could be shortened further by removing less relevant entries (for example the GCF NDA strengthening and country programming support, LECB program which ended in 2017, and the GCF funded projects). We note there seems to be in particular a strong adaptation baseline as well as capacities for sustainable forest management and inventories through the REDD+ work.

1/22/2021: OK. Cleared.

Agency Response

RE 22 Oct:

Additional information has been added in the table to specify the years in which these initiatives are/will be implemented.

RE 23 Dec:

The less relevant entries have been removed from the baseline section. Where relevant, they have been moved to *Section 6. Coordination* to ensure that lessons learned and outcomes from previous initiatives are taken into account in the project design and implementation.

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Please address comments below:

12/23/2020: Please see comments below:

Component 1

? Please clarify if this component is focused on GHG inventories and mitigation tracking or includes adaptation tracking and support tracking as well. It is not fully clear what is meant by ETF Reports. Does this mean BTRs? Please spell out and clarify.

This is clearer. However, as a point of clarification, reporting on climate finance, institutional arrangements, uncertainty assessment and tracking progress against NDC targets are all part of the BTR reporting process not outside of it. The technical review process is outside of the BTRs (but that is also something that will be addressed by UNFCCC and CGE).

? Mentions that duplication will be avoided with TNC, BUR and GCF Readiness processes. Please provide additional details, especially in relation to strengthening institutional arrangements ? what each of these initiatives are already undertaking and how the CBIT project will build on it.

This is clearer. See suggestion above on adding an output to precisely anchor capacity building on technical work such as inventory, NDC tracking within a local research/Academic institution. The project can support this in a number of ways, such as linking Universities with reputed institutes outside of Bhutan, and making PhD grants available as a means of compiling information in emission factors, etc. This will ensure sustained endogenous capacity in Bhutan.

? Please elaborate on the gender gap analysis and what is envisioned in terms of mainstreaming gender in reporting and NDC updates. Please make sure this activity is also referred to in the section under Gender Equality and Empowerment.

Ok for this stage.

? It is unclear from the current description what is meant by strengthening the National Environment Information Management System (EIMS) and sectoral information systems with regard to data collection and transition to latest reporting guidelines?. Is this purely an exercise to upgrade software/hardware? How will the various sector information systems be aligned? Will this include GHG inventory requirements/sector-specific requirements as mentioned in #57?

This has been clarified.

? The link between the learnings from Output 1.1.1 to the others in Output 1.1 is not clear. Please elaborate on how the gap analysis will inform these related outputs.

This has been clarified.

? Output 1.1.5 seems to be misplaced here and recommend placing it at the end of all three components so that comprehensive approach to knowledge management is undertaken, possibly as a separate component.

This has been clarified.

? Clarify the role of the NTWG/sectoral leads and National Inventory coordinator and how this component might build on it.

This has been clarified.

? See comments under Table B components above related to reorganizing this component.

This has been clarified.

Component 2

Based on the information provided in the baseline scenario, it is unclear how this component will build on Bhutan's existing technical capacities (described #44 through 49). For example, based on the information provided, a QA/QC process has already been used in Bhutan. Please clarify on how this CBIT project will address gaps, especially those identified through previous initiatives/processes.

This has been clarified. During project preparation, it will be important to prioritize activities considering the project resources and based on first the requirements of the MPGs (for example, as explained in the response country-specific emission factors are not a requirement, but could help improve accuracy, while tracking NDC progress is a requirement).

Component 3

The incremental reasoning for this component is not clear considering the GCF NAP and readiness projects. Please clarify the timeline of the different GCF activities and whether there will be gaps remaining which this project will focus on.

This has been clarified.

1/22/2021: All remaining comments above have been cleared.

Agency Response

RE 22 Oct:

Component 1

? Component 1 is focused both on adaptation and mitigation. Outcome 1.1 has been revised to make this clearer. A footnote has been added under Outcome 1.1 to explain that transparency information primarily refers to the BTR reporting requirements, but also other transparency obligations under the Paris Agreement including reporting on climate finance, institutional arrangements, uncertainty assessment, technical review process, and tracking progress against NDC targets.

? Additional information has been added in section 2) Baseline scenario and section 3) Proposed alternative scenario. While the TNC and BUR processes have helped establish the National Technical Working Group (NTWG) and Sectoral Leads, additional capacity is required to enable Bhutan to prepare GHG inventories without the support of outside experts. As highlighted in the TNC, Bhutan lacks capacity and experience in inventory compilation, and this was found to be critical constraint in all the processes related to the National Communications. In the INC, SNC and the TNC (and the BUR), Bhutan has relied on IPCC default conversion factors, emission factors and default uncertainty figures in the estimation of GHG emissions and removals. Bhutan has also generally used Tier 1 methodologies due to the lack of accurate and reliable country specific information. While this is accepted in the IPCC Guidelines, to improve accuracy and comparability, it is felt important to develop country specific emission factors and uncertainty data and use higher tier approaches in the next inventory period. Of particular importance are developing country specific emission factors for enteric fermentation, updating landuse/ landcover maps on an annual basis, develop country specific soil carbon estimates based on soil types, climatic zones, etc., build on experiences from Forest and Non-forest soil C content, etc. Additionally, the availability of detailed activity data would support refinement of inventory estimates. Addressing these areas through additional capacity strengthening and development of dedicated observation networks will enhance the quality and accuracy of future emission inventories.

Additionally, while adaptation/resilience indicators will be developed by the GCF NAP Readiness project, there is a need for more specific work on NDC adaptation indicators and linking these with the NAP. There is also a need to integrate the adaptation platform developed by the GCF NAP project with other sectoral information systems for both adaptation and mitigation, as well as with the EIMS. Furthermore, the GCF NAP Readiness project is anticipated to be completed in 2021; the CBIT project can further develop the outcomes of the GCF project from 2022 onward. Finally, the CBIT project will build closely on the guidelines and protocols developed under the NAP process, but with a broader view of the institutional frameworks required to fulfil the reporting obligations under the Paris Agreement.

? Gender gap analysis: Current TNC and BUR processes have not yet incorporated gender considerations or gender-disaggregated data/indicators (such as gender-specific needs and priorities with regard to mitigation strategies). There is a need to conduct a detailed analysis to identify gaps in mainstreaming gender and in developing gender-disaggregated indicators for the NDC and ETF reporting processes, both in adaptation and mitigation. This will further enhance ongoing efforts to incorporate gender aspects into Bhutan's second NDC under UNDP's NDC Support Programme. The outcomes of this analysis will be incorporated into the indicators and data protocols developed under Components 2 and 3; as well as the quantification of climate change impacts and policies and climate financing tracking system under Outcome 1.2.

? National Environment Information Management System (EIMS) and sectoral information systems: The output wording has been revised to clarify that these systems will be 'upgraded in line with ETF requirements, including alignment between various sector information systems'. Additional information has been added in the Component description, as follows: The information systems will be better aligned, upgraded and integrated with the EIMS at NEC, including through the development of relevant data protocols, interfaces, guidelines/manuals and standard operating procedures (SOPs) for data management and uploading. The systems will be developed to meet multiple requirements, including sector-specific and GHG inventory specific requirements. The adaptation platform developed under the GCF NAP Readiness project will also be integrated with the EIMS and sectoral information systems. Relevant institutions will be provided with the equipment and software necessary for decentralized data collection, storage, and uploading in line with data protocols developed under Components 2 and 3. This output will be closely coordinated with the activities under Components 2 and 3, and will lay the foundations for integrated data collection and management in all key transparency areas (inventories, mitigation, adaptation, and support received) which will also inform future NDC targets. User guides and on-the-job training modules will be developed for the information systems as necessary.

Thus, this exercise will involve not just upgrading of software/hardware, but also the development of guidelines/ manuals and protocols.

The EIMS will serve as the central repository not only for MRV data, but also for the guidelines, procedures and protocols, and training materials developed by the project as well as other related initiatives.

? Output 1.1.1 wording has been revised to clarify that this gap analysis primarily focuses on institutional frameworks (including institutional arrangements and procedures such as data-sharing mechanisms and protocols). Additional information has been added in the Component description to explain that the analysis will cover in-house capacity and financial resources, mandates, coordination mechanisms, and data sharing protocols and formats. Furthermore, it is explained that the review/ formalization of institutional arrangements under Output 1.1.2 is based on the analysis conducted under Output 1.1.1.

? Output 1.1.5 has been incorporated into new Outcome 1.2 on ?Strengthened knowledge and capacities for the use of transparency information in policy processes.? Since all components include aspects on knowledge and information management, the project formulation team considers that a fourth component on knowledge management is not needed.

? Further clarification has been added in the Component description regarding the role of NTWG/sectoral leads and National Inventory Coordinator: The CBIT project will build on existing mechanisms such as the National Thematic Working Group (NTWG), the Sectoral Leads and the National Inventory Coordinator constituted under the TNC and BUR; but will aim to further strengthen their institutionalization and broader representation through a clear definition of procedures, roles and responsibilities. Details on the institutional arrangements and frameworks will be developed under Output 1.1.2 based on the results of the analysis under Output 1.1.1.

? Component 1 has been reorganized as explained under Question 2.

Component 2

Additional explanations have been added in section 1) Global environmental / adaptation problems; and section 2) Baseline scenario, as follows:

? Collection, compilation and development of GHG inventory reports have been mostly project-based and rely on external consultants. Only a limited number of national experts could be engaged in MRV activities related to UNFCCC reporting, and only few were trained on the 2006 IPCC Guidelines. Capacity building needs to be extended to a wider group of professionals beyond the NTWG members; and capacity needs to be developed to be able to prepare reports without the support of outside consultants. Currently, national experts in the technical working groups mostly provide or validate specific, ad hoc information, but without going into detail. Also, Bhutan does not yet have a solid quality

assurance and quality control (QA/QC) process in place outside the ad hoc technical working groups and validation workshops.

- ? As highlighted in the TNC, Bhutan lacks capacity and experience in inventory compilation, and this was found to be critical constraint in all the processes related to the National Communications. In the INC, SNC and the TNC (and the BUR), Bhutan has relied on IPCC default conversion factors, emission factors and default uncertainty figures in the estimation of GHG emissions and removals. Bhutan has also generally used Tier 1 methodologies due to the lack of accurate and reliable country specific information. While this is accepted in the IPCC Guidelines, to improve accuracy and comparability, it is felt important to develop country specific emission factors and uncertainty data and use higher tier approaches in the next inventory period. Of particular importance are developing country specific emission factors for enteric fermentation, updating landuse/ landcover maps on an annual basis, develop country specific soil carbon estimates based on soil types, climatic zones, etc., build on experiences from Forest and Non-forest soil C content, etc.
- ? Additionally, the availability of detailed activity data would support refinement of inventory estimates. Addressing these areas through additional capacity strengthening and development of dedicated observation networks will enhance the quality and accuracy of future emission inventories.

Component 3

Additional information has been added in section 2) Baseline scenario and section 3) Proposed alternative scenario, as follows.

- ? The GCF NAP Readiness project is anticipated to be completed in 2021; the CBIT project can further develop the outcomes of the GCF project from 2022 onward. The CBIT project is anticipated to focus on the following gaps:
- ? While adaptation/resilience indicators will be developed by the GCF NAP Readiness project, there is a need for more specific work on NDC adaptation indicators and linking these with the NAP. The NAP indicators are anticipated to be broad and covering all sectors. The CBIT project will be able to focus on specific sectors that need strengthening, such as the AFOLU sector.
- ? There is also a need to integrate the adaptation platform developed by the GCF NAP project with other sectoral information systems for both adaptation and mitigation, as well as with the EIMS.
- ? Finally, the CBIT project will build closely on the guidelines and protocols developed under the NAP process, but with a broader view of the institutional frameworks required to fulfil the reporting obligations under the Paris Agreement.

RE 23 Dec:

Component 1

? Thank you for the clarification. The footnote in Table B and Component 1 description has been clarified accordingly.

? As explained above, an additional Output 1.1.2 has been added to identify and establish partnerships with key training institute(s). An explanation has been added in *Section 3) Proposed alternative scenario* that these partnerships with local research/academic institutions, to be identified during project preparation and/or implementation, will support technical capacity and knowledge development in areas such as GHG inventory and NDC tracking. This may also involve linking local universities with reputable institutes outside of Bhutan.

Component 2

? Agreed. During project preparation, activities will be prioritized considering the project resources and based on first the requirements of the MPGs. A footnote has been added in Component 2 description.

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes, the project is aligned with the climate change strategy.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: This section could be strengthened to clearly explain the impact this project will have in building on existing capacity in Bhutan for transparency to address remaining technical and institutional gaps, and further to help inform national processes (i.e. what is the incremental reasoning beyond reporting under the Paris Agreement?).

12/23/2020: This has been strengthened. Comment cleared.

Agency Response

RE 22 Oct:

Additional information has been added in this section, as follows.

? *Without the CBIT project*, collection, compilation and development of GHG inventory reports will continue to be mostly project-based and rely on external consultants. Bhutan will not be able to develop the required national capacity to fulfil its reporting requirements under the Paris Agreement by 2024 without outside support. Also, the quality assurance and quality control (QA/QC) will continue to be implemented through ad hoc technical working groups and validation workshops and without a solid procedure. Without the project also, Bhutan will not be able to develop country-specific emission factors and uncertainty data and use higher tier approaches in sectors that are of particular importance for its GHG inventory. Information management systems will remain insufficiently integrated; and there will be limited use of transparency-related information and knowledge in policy processes. Finally, while the NTWG, the Sectoral Leads and the National Inventory Coordinator constituted under the TNC and BUR will remain in place, they will not be fully institutionalized and will lack a clear definition of procedures, roles and responsibilities and a broader representation.

With the CBIT project, Bhutan will put in place the required national capacity and institutional frameworks to lead the development of national GHG inventories and reports under the ETF through a solid reporting and data collection and management process. Clear roles and responsibilities and procedures will be defined, including for QA/QC. Country-specific emission factors will be developed and additional activity data collected to enhance data availability. Information management systems and protocols will be in place to enable national institutions to collect and manage data required for ETF reporting. Knowledge and capacity for the use of transparency information in policy processes will be developed among national institutions and stakeholders, thereby enhancing capacity to use data in national and sub-national planning, policy and decision-making. Sector-specific adaptation indicators to track progress against the NDC targets will be developed, in line with the NAP. Finally, Bhutan will be able to track support needed and received for the implementation of its NDC.

6. Are the project/s/program/s indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes

Agency Response

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: This is ok at this stage.

Agency Response

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project?/s/program?s intended location?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes, this is a national level project.

1/28/2021L Please paste the map in the Portal.

2/16/2021: Map has been added. Cleared

Agency Response

RE 28 Jan:

The map has been pated in the relevant section in the Portal.

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: We note that no other stakeholder beside government stakeholders have been consulted to date. Please explain why.

12/23/2020: This explanation has been added. Please clarify how this will be able to take place during project preparation phase considering the ongoing restrictions related to COVID.

1/22/2021: Cleared.

Agency Response

RE 22 Oct:

Additional information has been added in the section 2. Stakeholders, as follows.

Due to the COVID-19 pandemic and related restrictions, more detailed consultations including civil society, private sector and academia could not be held during PIF development. However, experiences from the ongoing GCF readiness projects in working with these stakeholders have been taken into account in the PIF design. More detailed consultations, including with government, civil society, academia, private sector, UN agencies and sub-national stakeholders of various sectors, will be organized during the project preparation phase.

RE 23 Dec:

An additional explanation has been added in *Section 2. Stakeholders*, as follows.

?If COVID-19 restrictions continue during project preparation, the project would use alternative means for consultations with national and sub-national stakeholders, such as virtual meetings, smaller size gatherings and phone calls.?

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Please clarify if the project is expected to include gender-responsive measures to address gender gaps or promote gender equality and women empowerment--per Table B it appears to be the case.

12/23/2020: Comment cleared.

Agency Response

RE 22 Oct:

Additional information has been added in section 3. Gender Equality and Women's Empowerment.

The project will result in gender-disaggregated indicators and the collection of gender-disaggregated data, which will enable the country to address gender gaps or promote

gender equality and women empowerment in future policies and planning. It is, thus, anticipated that the project will include gender-responsive measures to address gender gaps or promote gender equality and women empowerment. However, this will depend on the more detailed analyses conducted under the PPG. Therefore, this is currently kept as 'TBD'. Lessons learned from the REDD+ MRV and social safeguards process will be taken into consideration.

Current TNC and BUR processes have not yet incorporated gender considerations or gender-disaggregated data/indicators. Under its Output 1.2.1, the project will undertake an analysis of gender gaps in ETF reporting and in the NDC, and will develop a framework to mainstream gender into ETF reporting and future NDC updates. This will further enhance ongoing efforts to incorporate gender aspects into Bhutan's second NDC.

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Please comment on whether/how the private sector has been engaged in other processes to date (such as NCs, BUR preparation etc.). Considering that a large part of the GHG profile for Bhutan is from the agriculture sector, please provide information on how private stakeholders from the agriculture sector have been / will be engaged.

12/23/2020: Comment cleared.

Agency Response

RE 22 Oct:

Additional information has been added in section 4. Private sector engagement, as follows.

Private sector has been engaged in previous processes, including the NDC and TNC development. This was done, in particular, through the involvement of the Association of Bhutanese Industries (ABI) and Bhutan Chamber for Commerce and Industries (BCCI), but also through questionnaires sent to private entities through the various sector agencies such as to collect activity data. Additionally, the UNDP NDC Support Programme and GCF Readiness projects incorporate components on private sector engagement that the CBIT project can build upon. Private stakeholders from the agriculture (including farming, forestry, livestock) sector have been mostly involved indirectly through the BCCI and civil society organizations such as the Royal Society

for the Protection of Nature and Tarayana Foundation that work with communities in the field on private/community forestry, farming, etc. Perspectives of women entrepreneurs have been incorporated through engagement of the National Commission for Women and Children. More direct engagement of stakeholders from the agriculture sector will be sought during preparation and implementation of the CBIT project, including for the capacity development and data collection activities.

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Please add climate risk and the risk of covid pandemic. Refer to the recent covid pandemic related guidelines recently sent.

12/23/2020: Comment cleared.

Agency Response

RE 22 Oct:

Additional climate and COVID-19 risks have been added in section 5. Risks, as follows.

Climate risks:

The project is a capacity building project aiming to strengthen institutional and technical capacities at the national level for enhanced transparency in implementation and monitoring of Bhutan's NDC. Therefore, the project does not trigger the filter questions required for a climate risk screening, meaning that climate does not pose a risk to the project interventions or implementation. Nonetheless, a summary of the main climate risks in the country has been prepared and is attached as a separate document in the Portal. In addition, the project could consider the following recommendations that should further contribute to achieving its objective. This will be assessed further during PPG.

- ? Integrate climate change mitigation, adaptation and disaster risk reduction, into national, regional, and local policy strategies and plans. Current FAO activities in Bhutan include the application of FAO tools for Climate Risk and Impact Assessment, using regional and national datasets, to inform adaptation and mitigation measures.

- ? Promote climate information and projections as a fundamental element to ensure the implementation of action plans.
- ? Ensure direct involvement of climate and agrometeorological experts, researchers, and institutions, in the decision-making process.
- ? Scale-up activities on the capacity for national institutions to provide early warnings and climate services to farmers and agricultural end-users most impacted by climate change

COVID-19 related risks:

(i) *Restrictions due to the COVID-19 pandemic may lead to reduced ability of the project to organize trainings and meetings.* The project may not be able to organize face-to-face meetings and trainings, which may impact the participation. If restrictions continue during implementation, the project would use alternative means for consultations, meetings and trainings, such as virtual meetings. Project implementation may be slightly delayed, but overall project delivery is not expected to be affected by the COVID-19 pandemic. Webinars and online sessions would be used in lieu of face-to-face training.

(ii) *COVID-19 may affect the availability of co-financing, in particular the resource allocations from Government.* It is not anticipated that the availability of co-financing will be significantly affected by COVID-19. Bhutan is currently the chair of the Least Developed Countries (LDC) negotiating group on climate change under the UNFCCC, and climate change will remain a priority for the Government.

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Provide additional details on the process of how the CBIT project will coordinate among the various initiatives and ensure that it is not duplicating work. Please also include relevant coordination with the two Global CBIT projects being implemented by FAO. Please also add years to the initiatives included in the table.

12/23/2020: Additional information provided. No need to keep projects that have reached completion in this table (i.e. NAPA 1 and 2). These can be removed.

1/22/2021: Comment cleared.

Agency Response

RE 22 Oct:

Additional information has been added in section 6. Coordination, as follows.

? A National Project Director (NPD) will be designated within NEC, who will oversee the CBIT project implementation. The same NPD also oversees the GCF NAP Readiness project and will ensure synergies with the NAP process. The same divisions and personnel have been involved in previous TNC and BUR processes, and are involved in the GCF projects as well as in the UNDP NDC Support Programme. Thus, the project implementation plans will be closely coordinated.

? FAO global CBIT projects: FAO is currently implementing two global CBIT projects, (i) Global capacity-building products towards enhanced transparency in the AFOLU sector (CBIT-AFOLU); and (ii) Building global capacity to increase transparency in the forest sector (CBIT-Forest). The first is expected to be completed in 2021; the second in 2022. The Bhutan CBIT project will build closely on the outcomes and lessons learned of the global CBIT projects, in particular with regard to knowledge products and training materials/ webinars produced under these projects.

RE 23 Dec:

NAPA 1 and 2 projects have been removed from the table. However, other completed projects have been kept in this table to ensure that lessons learned and outcomes from previous initiatives are taken into account in the project design and implementation.

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes.

Agency Response

Knowledge Management

Is the proposed knowledge management (KM) approach in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Provide additional details on the knowledge management approach for this project such as how the project will widely disseminate its learnings and conduct trainings to include officials from various relevant ministries and reduce dependence on external consultants. Discuss and provide a brief summary of the approach towards knowledge products, tools etc. that would foster knowledge exchange. The baseline scenario section under donor-funded activities and the alternative scenario mentions several knowledge management activities. Please incorporate relevant linkages with CBIT project in this section.

Consider the role of Bhutan learning and conducting peer to peer exchange with other AFOLU countries within the FAO network. Also, consider the leading role that Bhutan can play as an LDC that is in a preparatory phase to graduate out of the LDC categorization, and the learnings it may be able to share with other LDCs and land-locked countries.

12/23/2020: Comment cleared.

Agency Response

RE 22 Oct:

Additional information has been added in section 8. Knowledge Management, as follows.

- ? Under the various outputs, the project will develop guidelines, procedures and protocols, as well as training programs and materials, that will be made available through the National Environment Information Management System (EIMS) and will be disseminated to project stakeholders through training, knowledge products and other means (in English and the local language). The exact knowledge management activities will be defined during the project preparation phase. The enhanced institutional frameworks and information sharing arrangements put in place under Outcome 1.1 will also help to improve knowledge sharing among sectors. The CBIT Global Coordination Platform, as well as other international fora such as the LDC Consortium in Asia, the regional CBIT network, and the global AFOLU ETF network established under FAO's global CBIT project, will be used to disseminate knowledge and experiences from the Bhutan CBIT project to other countries. Synergies will also be sought with knowledge management efforts under the GCF readiness projects as well as UNDP's NDC Support Programme.
- ? Under Output 1.2.4, the project will develop ETF reporting best practices for dissemination within the country and beyond.

? The use of alternative media and means of communication (including social media, webinars, etc.) will be explored in particular in view of the COVID-19 pandemic.

Additional information has been added in section 2) Baseline scenario, as follows:

? Through the CBIT project, knowledge management systems developed under the NAP project will be linked and integrated with the National Environment Information Management System (EIMS).

? The CBIT project will contribute to the dissemination of the NDC Support Programme's outcomes through the National Environment Information Management System (EIMS) and through its capacity development activities.

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Yes, it has been assessed as low.

Agency Response

Part III ? Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Mr. Rinchen Wangdi has endorsed the project.

Agency Response

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) 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 in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

10/22/2020: Not yet. Please address comments above.

12/23/2020: Please address comments above. We really appreciated seeing the highlighted changes and having the responses reflected both in the review sheet and PIF. Overall, our suggestions are to make the PIF a little more streamlined, in addition to some specific suggestions for project outputs.

1/22/2021: PM recommends PIF technical clearance.

1/28/2021: Please address highlighted comments above.

2/16/2021: All remaining comments have been addressed. PM recommend PIF technical clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

Review Dates

PIF Review

Agency Response

First Review

10/22/2020

	PIF Review	Agency Response
Additional Review (as necessary)	12/23/2020	
Additional Review (as necessary)	1/22/2021	
Additional Review (as necessary)	1/28/2021	
Additional Review (as necessary)	2/16/2021	

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval