



United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



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From: Richard Hosier
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UNDP-GEF

Subject: Submission of Climate Change Enabling Activity (additional financing for capacity building in priority areas) for Bhutan

We are pleased to submit for your consideration the proposal for Climate Change Enabling Activity (additional financing for capacity building in priority areas) for Bhutan. The endorsement letter is sent as a separate file (Bhutan CCEAII Govt letter.pdf).

We look forward to receiving your comments and approval by 13 July 2001 (10 business days).

Thank you.

**UNITED NATIONS DEVELOPEMNT PROGRAMME
GLOBAL ENVIRONMENT FACILITY**

*Proposal for Review -
Expedited Financing for (Interim) Measures for
Capacity Building in Priority Areas Part II*

Country: Bhutan

Project Title: Bhutan: Climate Change Enabling Activity (additional financing for capacity building in priority areas)

GEF Focal Area: Climate Change
Country Eligibility: [x] Eligible under a financial mechanism of the UNFCCC
[x] Eligible under paragraph nine (b) of the Instrument

Date of Ratification: 25 August 1995

GEF Financing (Phase I): US\$ US\$296,600
GEF Additional Financing (Phase II): US\$ US\$100,000
Total Costs: US\$ US\$396,600

GEF Implementing Agency: UNDP

Executing Agency: National Environment Commission Secretariat (NECS), Royal Government of Bhutan (RGoB)

Local Counterpart Agency: NECs, RGoB

Date of Initial National Communication Submission: Submitted on 13th November 2000

Estimated Starting Date: July 2001

Project Duration: One (1) year

1. CURRENT PROJECT STATUS:

Bhutan ratified the United Nations Framework Convention on Climate Change (UNFCCC) in August 1995. In February 1997, Bhutan began implementation of the UNDP-GEF climate change enabling activity (BHU/96/G31). While the primary objective of this project was to build the capacity of the Royal Government through the National Environment Commission Secretariat (NECS) in understanding and addressing climate change issues, the important immediate objective was to develop the First Greenhouse Gas (GHG) Inventory and Initial National Communication to fulfill the Royal Government of Bhutan's obligations under the Convention.

The project implementation started with the formation of a ten-member Project Management Team (PMT) comprised of members from cross-sectoral organizations. The PMT was trained in four stages, the first time through invited regional experts and subsequently in New Delhi, India. The first GHG Inventory and the initial National Communication has been completed and submitted to the UNFCCC on 13th November 2000 during the Sixth Session of the Conference of Parties (COP6) at The Hague in the Netherlands. Public awareness activities were initiated through three in-country regional workshops, one workshop in Thimphu and a four-day training-workshop on the GHG Inventory database in Thimphu. The three regional workshops aimed at the participation of district Renewable Natural Resources (RNR) Officials, Municipal Officials, Geog (Block) level Headmen, and business community Heads. The workshop in Thimphu aimed at participation of Ministerial Policy and Planning Officials, Environment, Health and Occupational Safety Officials of the Industries and finally the four-day workshop in December 2000 aimed at the participation of Territorial Forestry Officials, District RNR Coordinators and Municipal, Ministries and Industries database officials. The participation level was very high in all the workshops and the activities were considered a success.

The Royal Government of Bhutan through the experience of this four-year (1997-2000) GHG Project implementation and participation in all the successive international/regional climate change conferences, workshops and seminars, recognizes the need for more education, training and public awareness on climate change. Bhutan has found that, as community awareness activities on climate change in the country are limited, they face serious threats from climate change. These threats include changes in weather patterns that impact the primarily agricultural population and threats of glacial lake outbursts. Awareness activities are very crucial for a small fragile mountain ecosystem kingdom with a Least Developed Country status.

Under Phase I of Bhutan's climate change enabling activities, no funds could be allocated for specific studies that would lead to improvement of future inventories and national communication. Studies requirement for like national emission factors for fossil fuels as well as fuel woods, percentage of lops and tops left for decay and biomass annual increment factor in natural forest and plantations were identified crucial. But, lack of human resources and know-how technologies refrain conducting of such studies. Funds for the first phase project was utilized almost completely. Therefore, the top-up funds

will need an expedited approval process to continue with the climate change activities without losing momentum.

By undertaking the GEF/UNDP Climate Change Enabling Activity Part II, Bhutan is aware that it must wait both for the future decisions of the Conference of the Parties regarding the preparation of the Second National Communication and for the GEF guidelines to operationalize those decisions.

The Implementing Agency and the GEF focal point of Bhutan have satisfied themselves that the proposal for additional funding complies with the Operational Criteria for the expedited financing of climate change enabling activities.

2. ACTIVITIES TO BE INVOLVED IN PHASE II PROJECT:

The National Communication Support Programme (NCSP) is currently developing regional/global proposals in several areas of work that might have implications for the national activities described in this project. Implementation of the project will be carried out in close co-ordination with the NCSP to ensure that areas of synergy will be identified where possible, and to avoid duplication for cost effectiveness. The country will be informed of the proposed NCSP activities as soon as they are underway.

A. Technology Transfer:

(i) Identification/submission of technology needs

Technology needs in Bhutan encompass a wide range of issues, regarding both GHG sequestration and technologies for adaptation. The highest priority technologies for GHG sequestration are considered to be technologies involving assessments of degraded forest, scientific logging of forest products, reclamation of mined areas, reduction of fuel wood consumption and wood waste management, housing timber management, and consideration of proper insulation in building designs. Technology issues also include mass transportation, and energy efficiency for industrial and housing communal sectors.

Activities to be conducted deal with institutional capacity development related to the following priority adaptation technologies:

- meteorology and hydrology organizations;
- forestry management;
- inhabitants settlement planning;
- water-soil preservation;
- socio-economic development;
- increase in agricultural productions; and,
- educating people on climate change effect risks.

In general, common technologies are often not applicable for fragile mountain ecosystem. Therefore, technology identification is a challenge and a costly matter. In particular, the following activities will be conducted:

- Meteorological/hydrology technology suitability for mountain ecosystem studies will need to be identified, including technologies that could record the meteorological data of low lands of 100m above sea level to high peak mountains above 7000 m, and plains to steep terrain valleys.
- Identification and analysis of the portability and suitability of case study equipments. In many parts of Bhutan, accessibility means are on foot and pack pony. Facilities such as electricity are not available, therefore, equipment and techniques must be chosen to be appropriate for such conditions.
- Identification of forestry management techniques that are applicable to Bhutan. The techniques required are quite unique, as general technologies do not apply to the needs of mountain ecosystem forestry management and policies of the Royal Government of Bhutan for forestry conservation.
- Identify cleaner technologies for industrial purposes that are consistent with the Royal Government Policy.

(ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects

In Bhutan, a key component of capacity building is to focus on educating rural communities through community level workshops. It is proposed that rural communities will be educated in technologies for plantation activities, conservation of environment and sustainable management of natural resources. The education of rural communities will focus on creating awareness of climate change effects on agricultural cropping patterns and products, vector-borne disease, possible flash floods due to glacial lake outbursts, and degradation of natural resources. Bhutan has more than 80% of its population in rural communities, and the impacts on these communities could be more serious if they are not educated on the possible climate change and related issues.

In particular, the following activities will be conducted:

- Human resources targeted in meteorological/hydrological studies, forestry management, human settlement planning, and water resources will be enhanced through training, seminars, and workshops.
- Government officials, both at national and local levels, will be trained in understanding climate change issues, particularly as they relate to designing and hosting projects, and for imparting this education throughout the country.
- Government officials as well as local communities will be educated through media communications, audiovisual examples, workshops and awareness campaigns. Unless the end result is understood, the general public does not tend to cooperate in planning, management and developmental activities. By the policy of the Royal Government of Bhutan, no activity is implemented without the consent of the community.

B. Capacity building for participation in systematic observation networks

In Bhutan, there is a need to build institutional capacity associated with meteorology, hydrology and glacier monitoring systems. The proposed activities involve improving existing human resources through training in setting up observatory stations and related communication set-ups.

The rationale for this requirement is that Bhutan is still at the initial stage of development – a process that only began in the 1960s. Bhutan has more than 80% of its population dependent on agricultural farming and more than a 50% illiterate rural community. Therefore, it is quite important to educate the rural communities and local authorities to gain cooperation in any modern studies and technology introduction. The climate change issue is still new for many Bhutanese.

In particular, the following activities will be conducted:

- The meteorological institution in Bhutan will be up-graded. Capacity building will involve improvement of facilities and enhancement of human resources to allow for better meteorological monitoring in the country, and to take-up climate change activities in future. This institution will eventually be linked with the climate change activity implementing organization that is to be set-up within the National Environment Commission Secretariat (see Section 2C below).
- National experts will receive training in systematic observation networks, and will be exposed to the international/regional research on systematic observation.

C. Studies leading to the preparation of national programs to address climate change improvement of emission factors.

It is proposed that studies leading to the preparation of national programs to address climate change be conducted, especially those focusing on improving databases related to the development of emission factors. This work will benefit updates future GHG inventories and national communication. Capacities need to be developed in order to effectively developing adequate databases, national emission factors, adaptation strategies and addressing systems both at national as well as international levels.

It is proposed that the following be conducted:

- Set-up an appropriate permanent implementing organization to deal with climate change activities within the National Environment Commission Secretariat. This organization will ensure the continuity of the national communication and facilitate GHG inventory updates including improvements in emission factors.
- Studies will be created to help develop national emission factor and other conversion factors.
- Above all, immediate education and training in developing national emission factors for future GHG inventory updating is required. Bhutan does not have experts on climate change. Therefore, existing national experts require better training to then

instigate further in-country training and to improve future national communication and inventory qualities.

- For climate change studies, data availability is not reliable. The data collection, accessing, assessment and dissemination system at present is on ad-hoc and case-by-case basis. A data collection and analysis system will be built that will allow for proper data collection and will ultimately be used to produce improved emission factors.

3. PROJECT MANAGEMENT/INSTITUTIONAL ARRANGEMENT:

The National Environment Commission Secretariat will continue hosting the climate change enabling activities and some of the PMT members from the first phase of the project will be re-nominated to continue with the project implementation activities. In future, a proper Meteorological institution set-up would take-up the climate change activities.

Currently, the key players will be the National Environment Commission, Planning Commission, Ministry of Agriculture, Ministry of Home Affairs, Ministry of Trade and Industry, Ministry of Power and Water Resources, Ministry of Health and Education, and Ministry of Communications.

Collaborations and working relationships will be established or strengthened with UNDP, UNFCCC, GEF, WMO, IPCC, UNEP, and other international or regional expert institutions or organizations, as necessary.

4. MONITORING AND EVALUATION:

Same procedure as with the phase I project is acceptable to the executing agency. The project will be nationally executed. Financial assistance will be provided by GEF with fund releases routed through UNDP country office on request from the national implementing agency. Periodical project progress reports will including the financial statements to be submitted for review of the host government as well as the donor agency.

The project will be subject to periodic or ad-hoc review by the host government/donor agency or experts nominated by them. This review is required to maintain transparency in the project objective and benefit.

The National Environment Commission Secretariat (NECS) will continue as the implementing agency until another relevant agency is able to handle the climate change activities.

The top-up fund or the Phase II proposal is aimed at enhancing the capacity of the Royal Government in understanding and addressing the climate change issues. It is also aimed

to improve database for future updating of the GHG inventory and the national communications fulfilling the obligations of the Royal Government under UNFCCC.

Prior to the release of GEF additional financing by the UNDP for Phase II activities, standard UNDP monitoring and evaluation practices will be followed for Phase I. In particular, the UNDP will receive a copy of the latest (i.e., within the past six months) Annual Programme/Project Report (APR) and the Tripartite Review (TPR) Report. At the end of Phase II, a Terminal Report on Phase II will be submitted to the UNDP Headquarters.

TABLE C 2

ACTIVITY MATRIX FOR PHASE II OF CLIMATE CHANGE ENABLING
ACTIVITIES

Priority activities for additional (interim) funding

Activity	Planning and execution	Capacity maintenance/enhancement		
		Data gathering and research	Institutional strengthening	Training, education and public awareness
2. A (i) Identification and submission of technology needs		X	X	X
2. A. (ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects		X	X	X
2. B. Capacity building for participation in systematic observation networks		X	X	X
2. C. Preparation of programs to address climate change		X	X	X

Table D 2

PROJECT BUDGET ACCORDING TO GEF ACTIVITY NORMS IN US DOLLARS
 Cost estimates for (interim) priority activities

Activity	Planning and execution	Capacity maintenance/enhancement				Cost estimates
		Data gathering and research	Institutional strengthening	Training and education and public awareness	Technical & administrative support	
2. A (i) Identification and submission of technology needs.	15,000		10,000	8,500	5,000	38,500
2. A. (ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects.	9,000		4,000	5,000	0	18,000
2. B. Capacity building for participation in systematic observation networks.	12,000		5,300	7,000	0	24,300
2. C. Preparation of programs to address climate change	5,800		2,600	3,300	0	11,700
3. Project management	5,000					5,000
4. Monitoring & Evaluation	2,500					2,500
Total	49,300		21,900	23,800	5,000	100,000



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DEPARTMENT OF AID & DEBT MANAGEMENT
MINISTRY OF FINANCE
ROYAL GOVERNMENT OF BHUTAN

DADM/UNDP-3P45/1887
28 Dec. 2000

The Resident Representative,
United Nations Development Programme,
Thimphu

**Subject: Expedited Financing of Climate Change Enabling Activities
(Phase II)**

Your Excellency,

We are pleased to forward herewith a project proposal, which has been submitted by the National Environment Commission. The project proposal has been prepared for additional financing of BHU/96/G31- National Green House Gas Project.

Your Excellency is requested to kindly forward the same to GEF for approval.

Thank you for your continued support.

Yours sincerely,

Yanki T. Wangchuk
Director General

CC:

The Dy. Minister, National Environment Commission, Thimphu