

AFB/PPRC.30/4 03 October 2022

Adaptation Fund Board Project and Programme Review Committee Thirtieth Meeting Bonn, Germany, 11-12 October 2022

Agenda Item 4 a)

**PROPOSAL FOR BHUTAN** 

## Background

1. The Operational Policies and Guidelines (OPG) for Parties to Access Resources from the Adaptation Fund (the Fund), adopted by the Adaptation Fund Board (the Board), state in paragraph 45 that regular adaptation project and programme proposals, i.e., those that request funding exceeding US\$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the endorsement of the Board. In the second step, the fully- developed project/programme document would be reviewed by the PPRC, and would ultimately require the Board's approval.

2. The Templates approved by the Board (Annex 5 of the OPG, as amended in March 2016) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.

- 3. The first four criteria mentioned above are:
  - (i) Country Eligibility,
  - (ii) Project Eligibility,
  - (iii) Resource Availability, and
  - (iv) Eligibility of NIE/MIE.
- 4. The fifth criterion, applied when reviewing a fully-developed project document, is: (v) Implementation Arrangements.

5. It is worth noting that at the twenty-second Board meeting, the Environmental and Social Policy (ESP) of the Fund was approved and at the twenty-seventh Board meeting, the Gender Policy (GP) of the Fund was also approved. Consequently, compliance with both the ESP and the GP has been included in the review criteria both for concept documents and fully-developed project documents. The proposal template was revised as well, to include sections requesting demonstration of compliance of the project/programme with the ESP and the GP.

6. At its seventeenth meeting, the Board decided (Decision B.17/7) to approve "Instructions for preparing a request for project or programme funding from the Adaptation Fund", contained in the Annex to document AFB/PPRC.8/4, which further outlines applicable review criteria for both concepts and fully-developed proposals. The latest version of this document was launched in conjunction with the revision of the Operational Policies and Guidelines in November 2013.

7. Based on the Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on April 8, 2010.

8. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.

9. The following fully-developed project document titled "Adaptation to Climate-Induced Water Stresses through Integrated Landscape Management in Bhutan" was submitted for Bhutan by the Bhutan Trust Fund for Environmental Conservation (BTFEC), which is the National Implementing Entity of the Adaptation Fund.

10. This is the second submission of the fully-developed project proposal, using the two-step submission process.

11. It was first submitted as a project concept in the intersessional period between the first and the second session of the thirty-fifth Board meeting and was endorsed by the Board.

12. It was last resubmitted in the thirty-seventh meeting as a fully-developed project and the Board decided:

- (a) To not approve the fully developed project proposal, as supplemented by the clarifications provided by the Bhutan Trust Fund for Environmental Conservation (BTFEC) in response to the request made by the technical review;
- (b) To suggest that BTFEC reformulate the proposal, taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
  - *(i)* The proposal should better inform the type and scale of envisaged adaptation measures;
  - (ii) The proponent should strengthen and justify the cost-effectiveness of the proposed measures, including quantitative data;
  - (iii) The proposal should clarify how lessons learned and best practices from other projects in sustainable land management have been taken into account for the project's development;
  - *(iv)* The proposal should ensure compliance with the Fund's Environmental and Social Policy;

(c) To request BTFEC to transmit the observations under subparagraph (b) to the Government of Bhutan.

(Decision B.37/2)

## AFB/PPRC.30/4

13. The current submission was received by the secretariat in time to be considered in the thirtyninth Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number AF00000229, and completed a review sheet.

14. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with BTFEC, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

15. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.



## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular Size Full Proposal

Country/Region: Bhutan	
Project Title: Adaptation to Climate-induced Water Stre	esses through Integrated Landscape Management in Bhutan
Thematic Focal Area: Multisector	
Implementing Entity: Bhutan Trust Fund for Environme	ental Conservation
Executing Entities: Department of Agriculture & Depart	tment of Forest & Park Services, Ministry of Agriculture and Forests;
Department of Engineering Service	es, Ministry of Works and Human Settlements;
Department of Local Governance,	Ministry of Home and Cultural Affairs;
Gross National Happiness Commis	
AF Project ID: AF00000229 / BTN/NIE/Multi/2020/1	
IE Project ID:	Requested Financing from Adaptation Fund (US Dollars): 9,998,955
Deviewer and contact noncone Alvera Comer	

IE Project ID: Reviewer and contact person: Alyssa Gomes IE Contact Person:

**Co-reviewer(s):** Claudia Lasprilla Pina

Technical Summary	The project "Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan" aims to build resilience to climate change and adaptive capacity of water stressed communities in the dzongkhags (districts) of Paro, Dagana and Tsirang. This will be done through the four (4) components below:
	Component 1: Adaptive management of watersheds to enhance climate resilience of communities (USD 565,790);
	Component 2: Climate resilient water infrastructures for uninterrupted supply of water for drinking and irrigation (USD 7,492,813);
	Component 3: Climate-smart agriculture through sustainable land management and informed agro- meteorological services (USD 661,481);
	Component 4: Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots (USD 93,991).
	Requested financing overview:

	Total Project/Programme Cost: USD 9,335,025 Implementing Fee: USD 663,930 Financing Requested: USD 9,998,955
	The initial technical review raised some issues such as the need to provide a justification for the unidentified subproject (USP) approach, substantiate the cost-effectiveness of the selected approach, the inadequacy of environmental and social risk screening and compliance with the Fund's Environmental and Social Policy, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.
	The final technical review finds that the proposal has addressed all of the CRs and CARs requests.
Date:	09/12/2022

Review Criteria	Questions	Comments Initial Technical Review	Comments Final Technical Review
Country Eligibility	<ol> <li>Is the country party to the Kyoto Protocol?</li> </ol>	Yes.	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. As a Least Developed Country (LDC) with a geologically fragile mountain ecosystem, Bhutan is highly vulnerable to climate change and its impacts. As a mountainous country with a huge area of snow and glaciers and an intricate natural drainage system of several watersheds, water catchments, rivers, rivulets and streams, the country is intrinsically exposed to and impacted by multiple climate change hazards including glacial lake outburst floods, landslides, and	-

		flash floods. Moreover, rainfall patterns are becoming increasingly erratic, leading to water scarcity in many areas and posing huge adversities for farmers who largely practice rainfed agriculture.	
Project Eligibility	<ol> <li>Has the designated government authority for the Adaptation Fund endorsed the project/programme?</li> </ol>	<b>Yes.</b> As per the Endorsement letter dated 5 August 2022.	-
	2. Does the length of the proposal amount to no more than One hundred (100) pages for the fully-developed project document, and one hundred (100) pages for its annexes?	Yes.	-
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	Not clear. The project aims to implement integrated water management interventions, scale up successful Payments for Ecosystem Services (PES) schemes, establish climate resilient drinking water infrastructure, adopt innovative technologies for water collection and sustainable land management (SLM) practices as solutions to address the climate impacts of freshwater shortage for drinking and irrigation in three target primary subdivisions in Bhutan - Dagana, Paro and Tsirang. Under output 1.1. the proposal mentions "An exhaustive list of	<ul> <li>CR1: Cleared.</li> <li>As per the additional information provided on pages 13 and 60.</li> <li>CR2: Cleared.</li> <li>As per justification provided in the response sheet related to reduction in budget allocation for outcome 1.</li> <li>CR3: Cleared.</li> <li>As per the additional information provided on page 60.</li> <li>CR4: Cleared.</li> </ul>

<ul> <li>appropriate interventions comprising both biological measures such as plantation of appropriate plant/bamboo/grass species and physical measures such as construction of check dams and other appropriate structures will be identified, validated through consultations and implemented."</li> <li>As per justification provided in the response sheet and additional information provided on pages 58-59.</li> <li>CR5: Cleared.</li> <li>As per justification provided in the response sheet and additional information provided on pages 22 and 60.</li> </ul>
CR1: Please clarify the process for identification and validation of the watershed management intervention measures planned under output 1.1. As these will be identified at a later stage, these constitute Unidentified Sub-Projects (USPs). Please provide an adequate justification of the use of USPs. Please refer to the Fund's guidance document on projects with USPs (https://www.adaptation-fund.org/wp- content/uploads/2021/05/AFB.B.32- 33.7 Compliance-with-ESP_Update- of-PPR_and_Guidance-for- USPs_revised-1.pdf)
The distribution of the budget across the components has been revised from the last submission of the proposal. <b>CR2:</b> The budget for outcome 1 is reduced from the last submission of the proposal, please clarify that the current budget is sufficient for the

watershed management activities
planned under output 1.1.
CR3: Related to activity 1.3.2
'Identification of recharge areas and
designing water source revival
<b>0 0</b>
activities following the spring shed
management protocol' and activity
1.3.4: 'Monitoring and maintenance
of conservation/restoration activities'
- Please clarify if the recharge
locations are identified and who will
be in charge of monitoring and
maintenance of restoration activities.
Linder component Q, the proposal
Under component 2, the proposal
mentions that, transferring the
ownership of schemes to the
beneficiaries and maintaining them
has been a major challenge for Rural
Water Supply Systems (RWSS).
CR4: Please clarify how the project
will address this challenge for long
term sustainability.
ionn susiainability.
As per activity 2.3.1, the project is
expected to build small earthen
check dams and ponds as small-
scale reservoirs for irrigation water
supply during dry periods.
<b>CP5</b> : Please clarify the location of
<b>CR5:</b> Please clarify the location of
the above planned infrastructure.
Please note that if the location,
scope and exact type of

	infrastructure is unknown, this is	
	categorized as an USP, and a	
	justification need to be provided as	
	part of the proposal.	
<ol> <li>Does the project / programme provide economic, social and</li> </ol>	Not clear.	CAR1: Cleared.
environmental benefits,	The project is expected to benefit	As per the additional information
particularly to vulnerable	36,464 people (19,249 male and	provided on pages 13,14,25,27 and
communities, including gender	17,215 female) in the three target	28.
considerations, while avoiding	provinces.	
or mitigating negative impacts,		CAR2: Cleared.
in compliance with the	The Gender Assessment and	
Environmental and Social	Gender Action Plan (GAP) (Annex 2)	As per the additional information
Policy and Gender Policy of the	include clear recommendations on	provided on page 89.
Fund?	how to mainstream gender into the	
	project activities. However, the	CAR3: Cleared.
	recommendations (Table 8.2 of	
	Annex) seem not to be fully reflected	As per the clarification provided in
	into the project document.	the response sheet.
	CAR1: Please include relevant	CR6: Cleared.
	targets and considerations in the	
	section on social benefits.	As per the additional information provided on page 89.
	In table 11 of GAP, the first Gender	CD7: Cleared
	gap listed is "WUAs exist informally,	CR7: Cleared.
	with limited capacity and with very poor representation by women who are majority of end users of water". The mitigation measure doesn't	As per the additional information provided on pages 18,19 and 20.
	clearly demonstrate how the project	
	will increase the representation of	
	women.	
	CAR2: Please clarify and revise	
	accordingly. Furthermore, please	

ensure all targets in the GAP a reflected in the Results Framew (Section III.E) of the proposal m text. <b>CAR3:</b> Point 4 of GAP mention "majority of farming population comprise of women". Please et what the gender gap is. For example, it might well be the ca that even though majority of far population are women, they do have access to information and training and/or they lack trainin climate resilient agriculture, thu reducing their adaptive capacit (page 24. of Annex 2). The pro- would therefore make efforts to enhance the capacity of women farmers.	vork nain s kplain ase ming not g in s y
Annex 2, page 24 mentions that the project area, access and co- over land resources are domina- by men indicating that men plat significantly larger role in deciss making related to buying and s of land or in terms of cultivation use of land resources." <b>CR6:</b> Please clarify with approp performance targets how the p will ensure that women have gu decision-making power of their productive assets.	ontrol ated y a ion elling a and oriate roject

	<b>CR7:</b> Please clarify how the project will ensure an equitable distribution of benefits to vulnerable communities, households and marginalized and indigenous groups and clearly outline them.	
<ol> <li>Is the project / programme cost effective?</li> </ol>	Not clear. The project provides a justification for cost-effectiveness of the proposed measures against a business-as-usual scenario. The system-wide scope and approach of integrated watershed management overall seems logical and well-suited for cost-effectiveness and project sustainability. However, more quantitative and detailed data are needed to demonstrate the cost- effectiveness. Furthermore, the cost- effectiveness of interventions like the PES scheme and SLM activities may be strengthened by providing details of the existing evidence base of their success in-country. <b>CR8</b> : Please provide more quantitative data to support the cost- effectiveness of the selected approach compared to the alternative measures and provide details on the evidence base of successful PES schemes and SLM approaches that will be replicated in the intervention sites.	CR8: Cleared. As per the additional information provided on pages 33 and 34.

6.	Is the project / programme consistent with national or sub- national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	Yes. The proposal is in line with the Royal Government of Bhutan's Water Flagship Program, Bhutan's National Development Plan (it will contribute to five of the 17 National Key Areas). Furthermore, it is in line with the National Environment Strategy 2020, with the National Agriculture Sector's 12th Five Year Plan and the first NDC. The country first National Adaptation Plan 2022 with a focus on the water sector is under development. The proposed project is built on the findings and assessment carried out for NAP formulation.	-
7.	meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	Yes. Relevant national technical standards are identified, including the steps taken to comply with them and the nature of the authorization/clearance granted. Not clear.	- CR9: Cleared.
δ.	Is there duplication of project / programme with other funding sources?	The proposal provides general information on how it will be complementary to existing and pre- approved projects, including with GCF and GEF-LDCF. The proposal mentions that the National Soil Services Centre has implemented a number of SLM project through various donors (GEF; UNDP-SGP). These projects piloted and scaled-up	As per the additional information provided on pages 44-46.

	1		
		climate smart agriculture with a focus on SLM measures.	
		However, more details on lessons	
		learned and best practices and synergies with existing projects are	
		needed.	
		<b>CR9:</b> Please include further details	
		on lessons learned and best practices. Please consider displaying	
		a list of all the past and current	
		projects in a table format, including	
		their brief description, how the	
		proposed project will practically ensure synergies, how any earlier	
		lessons, if relevant to the project, are	
		taken into account, and/or how the	
	2	project is avoiding overlap.	
9.	Does the project / programme have a learning and knowledge	Yes. The project does not include a	-
	management component to	separate knowledge management	
	capture and feedback lessons?	component, but knowledge	
		management is well integrated into	
		all the project components. Specifically, it will seek to establish	
		and strengthen the existing	
		knowledge management system and	
		establish appropriate models of	
		communication. Key lessons learned and best practices will be	
		documented for wider dissemination	
		and policy mainstreaming.	

10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	Yes. A gender-responsive consultative process has taken place in the four district target areas and respective villages (two villages were not consulted due to COVID-19 restrictions). This also supported the development of the Gender assessment and Gender Action Plan. The consultations at local level have informed the proposal design. The list of stakeholders consulted, date of consultations and key findings are included. The proposal also clarifies which institutions were consulted at national level and how the outcomes of such consultations were taken into account (pages 44-45). A table is included in the main text that lists the project stakeholders consulted during the project formulation. (Participants list in Annex 3a to 3k)	
11. Is the requested financing justified on the basis of full cost of adaptation reasoning?	Yes. The proposal proves that the planned activities alone, without additional funding, will allow the achievement of the set adaptation objective and the additionality of the proposed measures is adequately described.	-

12. Is the project / program aligned with AF's results framework?	Yes.	-
with AF'S results hamework?	The proposal is aligned with the Fund's Strategic Outcomes 3,4, 5, 6, 7 and 8.	
13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	Not clear. Sustainable Land Management and Agriculture Land Development activities are mainstreamed into central and local government plans and programs. CR10: Please specify how will the database for the water inventory (under output 2.1) be managed and how it will be maintained after the project finalization as per the above comment. CR11: Please clarify the arrangements through which the sustainability and maintenance of the water infrastructure to be installed will be meaned	<ul> <li>CR10: Cleared.</li> <li>As per clarification in the response sheet that water inventory activity is removed.</li> <li>CR11: Cleared.</li> <li>As per the additional information provided on pages 58 and 59.</li> </ul>
14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	Installed will be ensured.Not clear.Although the proposal includes detailed findings for the conclusions presented in the environmental and social risk screening table (section K), this does not recognize that the project presents USPs. Furthermore, the risk finding for 'indigenous people (IP)' and 'compliance with the law' are not justified.	CR12: Cleared. As per the clarification provided in the response sheet and additional information provided on page 63 in Table 8. CAR4: Cleared. As per the clarification provided in the response sheet and additional information provided on pages 61 and 63 in Table 8.

		The project includes activities requiring construction, water supply systems, for which compliance with sector specific regulations and standards (e.g., water quality compliance, building codes etc) are needed. <b>CR12</b> : Please provide justification that there are no Indigenous groups in the target areas. Even if IPs do not exist in the target areas, appropriate safeguard measures will need to be put in place to mitigate and manage risks should they be identified during implementation. <b>CAR4</b> : Please revise risk findings taking into consideration, the points raised above. <b>CAR5</b> : Please provide a justification for the use of USP approach. (Please refer to <b>CR1</b> above) <b>CAR6</b> : Please include a categorization for the project (e.g., A, B, C).	CAR5: Cleared. As per the clarification provided in the response sheet and additional information provided on page 60. CAR6: Cleared. Project is categorized as a category B project, as per page 9 of the ESMP.
Resource Availability	<ol> <li>Is the requested project / programme funding within the cap of the country?</li> </ol>	Yes.	-
	<ol> <li>Is the Implementing Entity Management Fee at or below 8.5 per cent of the total</li> </ol>	Yes.	-

Eligibility of IE	<ul> <li>project/programme budget before the fee?</li> <li>3. Are the Project/Programme Execution Costs at or below</li> <li>9.5 per cent of the total project/programme budget (including the fee)?</li> <li>1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?</li> </ul>	Yes. Yes.	-
Implementation Arrangements	<ol> <li>Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?</li> </ol>	<b>Yes.</b> A Gender Assessment and Action Plan are included. The proposed implementation arrangements include a clear description of the roles and responsibilities of the implementing entity as well as the executing entities that are involved in the project. The PMU in the organization chart includes an M&E officer, and Safeguards and Gender Specialist, who will be responsible for overseeing implementation of field activities related to the Gender Action Plan.	-
	2. Are there measures for financial and project/programme risk management?	Yes. The proposal includes a table which identifies all major risk categories, consider their significance, and include adequate mitigation measures. It has also included a risk related to the possible impact of COVID-19 restrictions on project	-

		timely implementation and related	
		mitigation measures.	
3.	Are there measures in place for the management of for	Not cleared.	CAR7: Cleared.
	for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?	An ESPM is included in Annex I. This contains clearly allocated roles and responsibilities and adequate budget provision for its implementation. Annex I included also meaningful arrangements for the supervision of the ESMP implementation at project and at field activity level. However, the ESMP may need to be revised in line with revisions to the risk assessment. See CARs 4-6 above. Grievance Redress Mechanism (GRM) for the project is included in Annex 1. CAR7: The proposal should provide a strong justification as of why not all the project activities (scale and precise location) can be fully.	Justification for the USP approach is clarified in Section II.K, page 60 and ESMP.
		precise location) can be fully identified to a point where a comprehensives risk screening is possible. Further, if USPs are present, the ESMP should contain provisions (process and budgetary-	
		wise) to ensure the UPSs compliance with the Fund's ESP and GP during project implementation.	
4.	Is a budget on the Implementing Entity	Yes.	-

	Management Fee use included?	The proposal includes a table with a breakdown of the Implementing Entity Management Fee (page 92).	
5.	<ul> <li>Is an explanation and a breakdown of the execution costs included?</li> </ul>	<b>Yes</b> . The proposal includes a table with a breakdown of the Execution costs (page 93).	-
6.	<ul> <li>Is a detailed budget including budget notes included?</li> </ul>	Yes. A detailed budget with budget notes indicating the break-down of costs at the activity level is included. In addition, adequate resources were allocated in the project budget for a gender-responsive implementation.	-
7.	Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex- disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	<b>Yes.</b> A budgeted M&E plan, covering the cost of the IE reporting requirements, has been included (page 78).	-
8.	Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	Yes.	-
9.	Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	<b>Not cleared.</b> The proposal is aligned with the Fund's Strategic Outcomes 3,4,5, 6, 7 and 8.	<b>CAR8: Cleared.</b> As per the additional information provided in the included Core Indicator Methodology Tables on pages 94-97.

		A results framework is included; however, some revisions might be needed to table III.E with respect to the inclusion of additional gender specific targets as discussed in <b>CARs 1-3</b> above.	
		The project result framework includes at least the core impact indicator "Number of beneficiaries including estimations for direct and indirect beneficiaries. A second core indicator must be added if the project includes activities targeting the areas identified in AF results framework, namely (1) Early Warning System; (2) Assets Produced, Developed; Improved, or Strengthened; (3) Increased income, or avoided decrease in income or (4) Natural Assets Protected or Rehabilitated.	
		<b>CAR8</b> : Please include the Core Impact Indicator Tables after Section III.F using the guidance presented here. <u>https://www.adaptation-</u> <u>fund.org/document/methodologies-</u> <u>for-reporting-adaptation-fund-core-</u> <u>impact-indicators-march-2014/</u>	
with	a disbursement schedule h time-bound milestones luded?	Yes.	-

Review Criteria	Questions	Comments	Response
Country Eligibility	1. Is the country party to the Kyoto Protocol?	Yes.	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. As a Least Developed Country (LDC) with a geologically fragile mountain ecosystem, Bhutan is highly vulnerable to climate change and its impacts. As a mountainous country with a huge area of snow and glaciers and an intricate natural drainage system of several watersheds, water catchments, rivers, rivulets and streams, the country is intrinsically exposed to and impacted by multiple climate change hazards including glacial lake outburst floods, landslides, and flash floods. Moreover, rainfall patterns are becoming increasingly erratic, leading to water scarcity in many areas and posing huge adversities for farmers who largely practice rainfed agriculture.	
Project Eligibility	<ol> <li>Has the designated government authority for the Adaptation Fund endorsed the project/programme?</li> </ol>	<b>Yes.</b> As per the Endorsement letter dated 5 August 2022.	
	2. Does the length of the proposal amount to no more than One hundred (100) pages for the fully- developed project document, and one hundred (100) pages for its annexes?	Yes.	

3. Does the project /	Not clear.	<b>CR1:</b> Part of the measures that need
programme support		community management will be selected
concrete adaptation	The project aims to implement integrated water	through a participatory approach involving
actions to assist the	management interventions, scale up successful	the relevant stakeholders. The process
country in addressing	Payments for Ecosystem Services (PES)	involves a continuation of previous
adaptive capacity to the	schemes, establish climate resilient drinking	consultation meetings and is being
adverse effects of climate	water infrastructure, adopt innovative	followed since the inception of watershed
change and build in	technologies for water collection and	management program in Bhutan and has
climate resilience?	sustainable land management (SLM) practices	been found effective till date.
	as solutions to address the climate impacts of	
	freshwater shortage for drinking and irrigation	Another main reason for this process is that
	in three target primary subdivisions in Bhutan -	the resources for the identification of
	Dagana, Paro and Tsirang.	specific site-based intervention measures
		under output 1.1 are better used when
	Under output 1.1. the proposal mentions "An	implemented in a logical sequence. Indeed,
	exhaustive list of appropriate interventions	these activities will be to sustain the water
	comprising both biological measures such as	sources for irrigation and drinking water
	plantation of appropriate plant/bamboo/grass	schemes proposed under component 2 and
	species and physical measures such as	this is why their final selection will be
	construction of check dams and other	carried out during the inception phase of
	appropriate structures will be identified,	the project.
	validated through consultations and	Further, based on these site-based
	implemented."	intervention measures, the project ESMP
	<b>CD1</b> : Discourse iterifies the second	will be updated.
	<b>CR1:</b> Please clarify the process for	will be updated.
	identification and validation of the watershed	The main text in the proposal has been
	management intervention measures planned	updated accordingly under description of
	under output 1.1. As these will be identified at	activities for component 1 and under
	a later stage, these constitute Unidentified Sub-	section II.K on USPs.
	Projects (USPs). Please provide an adequate justification of the use of USPs. Please refer to	Section II.IX on ODI 5.
	the Fund's guidance document on projects with	
	USPs (https://www.adaptation-fund.org/wp-	
	USES (https://www.adaptation-fund.org/wp-	

	The distribution of the budget across the components has been revised from the last submission of the proposal. CR2: The budget for outcome 1 is reduced from the last submission of the proposal, please clarify that the current budget is sufficient for the watershed management activities planned under output 1.1.	<ul> <li>CR2: The budget for outcome 1 has been reduced due to following reasons:</li> <li>1. Due to lack of specific location of project activities, the Dzongkhag level watershed were considered for interventions under component 1. Through consultation with communities and stakeholders in June 2022, the project activity location has been identified and accordingly the area of watersheds to be covered under component 2 have reduced.</li> <li>2. Initially, watershed management activities were targeted for all the 36 gewogs of the target three dzongkhags. Now it is confined to only 13 gewogs.</li> <li>3. Since the earlier submission, some activities such as water inventory have already been implemented and are not included in this project.</li> <li>4. Budget estimates are based on expert inputs from Watershed Management Division and concerned local stakeholders providing confidence of its adequacy.</li> <li>The budget is therefore sufficient for the updated watershed management activities planned under output 1.1.</li> </ul>
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	<b>CR3:</b> Related to activity 1.3.2 'Identification	CR3:
	of recharge areas and designing water source	The main text in the proposal has been
	revival activities following the spring shed	updated accordingly under description of
	management protocol' and activity 1.3.4:	activities on monitoring and under section
	'Monitoring and maintenance of	II.K on recharge area locations. Areas are
	conservation/restoration activities' - Please	pre-identified and final validation depends
	clarify if the recharge locations are identified	on detailed designs and final validation
	and who will be in charge of monitoring and	with the communities.
	maintenance of restoration activities.	The process for watershed interventions
		will comprise of continued community
	Under component 2, the proposal mentions	consultations, detail surveys, and final
	that, transferring the ownership of schemes to	design of specific site-based intervention
	the beneficiaries and maintaining them has	measures. This will be planned during the
	been a major challenge for Rural Water Supply	first six months of the initial
	Systems (RWSS).	implementation phase and in line with
		other Components notably Component 2.
		After emergence of site and activity
		specific details during this phase, the
		ESMP will be revised. The
		environmental/social and gender expert
		will coordinate assessment of risk based on
		15 AF principles and update the ESMP.
		Accordingly, the project will also renew
		activity specific environmental clearances.
		The field offices under Department of
		Forest and Park Services in all the gewogs
		across Bhutan who are trained on spring
		shed management will carry out
		monitoring and maintenance of
		conservation/restoration activities in the
		project area.

CR4: Please clarify how the project will address this challenge for long term sustainability. As per activity 2.3.1, the project is expected to build small earthen check dams and ponds as small-scale reservoirs for irrigation water supply during dry periods.	<b>CR4:</b> In the past, there was no proper roles and responsibilities identified and trainings were not conducted in the formation of WUAs. Over the years, the trainings on the formation of groups are being initiated and this component would further enhance the practice of group formation with clear set of rules and responsibilities. As regards to financial sustainability, cost for all minor O&M activities are to be borne by the concerned WUAs after the project assets are completed and handed over to the WUAs. Major maintenance which are beyond the capacity of WUAs would be borne by the LGs.
<b>CR5:</b> Please clarify the location of the above planned infrastructure. Please note that if the location, scope and exact type of infrastructure is unknown, this is categorized as an USP, and a justification need to be provided as part of the proposal.	<b>CR 5:</b> The location of this activity is specified under description of activity 2.3.1. Types of infrastructure are known, as described in 2.3.1.: earthen check dams and ponds as small-scale reservoirs. The process for identifying exact design of infrastructure will comprise of the continuation of community consultations, detailed surveys, leading to the finalisation of site-specific designs during the first six months of the implementation phase. After emergence of site and activity specific details during this phase, the ESMP will be revised. The environmental/social and

<ul> <li>economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</li> <li>The project is expected to benefit 36,464 people (19,249 male and 17,215 female) in the three target provinces.</li> <li>The Gender Assessment and Gender Action Plan (GAP) (Annex 2) include clear recommendations on how to mainstream gender into the project activities. However, the recommendations (Table 8.2 of Annex) seem not to be fully reflected into the project document.</li> <li>CAR1: Please include relevant targets and considerations in the section on social benefits.</li> <li>and Social Policy of the Fund?</li> </ul>			gender expert will coordinate assessment of risk based on 15 AF principles and update the ESMP. Accordingly, the project will also renew activity and site specific environmental clearances. The main text in the proposal has been updated accordingly under description of activities and under section II.K on USPs.
In table 11 of GAP, the first Gender gap listed is "WUAs exist informally, with limited capacity and with very poor representation by PMU and dzongkhags concerned and will	programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the	<ul> <li>The project is expected to benefit 36,464 people (19,249 male and 17,215 female) in the three target provinces.</li> <li>The Gender Assessment and Gender Action Plan (GAP) (Annex 2) include clear recommendations on how to mainstream gender into the project activities. However, the recommendations (Table 8.2 of Annex) seem not to be fully reflected into the project document.</li> <li>CAR1: Please include relevant targets and considerations in the section on social benefits.</li> <li>In table 11 of GAP, the first Gender gap listed is "WUAs exist informally, with limited capacity and with very poor representation by women who are majority of end users of water". The mitigation measure doesn't clearly demonstrate how the project will increase the</li> </ul>	<b>CAR 1:</b> Recommendation from Gender assessment (section 8.2) has been specified in project activities 1.1.1; 1.1.2; 1.1.5; 1.2.1; 1.2.4; 2.1.2; 2.4.1; 3.1.1; 3.1.4; 3.2.5; 4.1.2 All households including vulnerable and marginalized households will be members of WUAs. All WUAs supported by the project will be formally registered to enable them as legitimate entities. The project will ensure that the Articles of Associations (constitution) of each WUA will include clauses on community exemptions for such contributions from the vulnerable and marginalized groups. The articles of association of the WUAs will be developed during the project implementation with support from the PMU and dzongkhags concerned and will further stress on providing equal access to all members of the communities.

<b>CAR2:</b> Please clarify and revise accordingly. Furthermore, please ensure all targets in the GAP are reflected in the Results Framework (Section III.E) of the proposal main text.	<ul> <li>description of activity 2.1.1 of proposal).</li> <li>Specific indicators are described in ESMP.</li> <li>The implementation of this is budgeted</li> <li>will be monitored (ESMP, Table 7 and</li> <li>ESMP Monitoring, Table 8).</li> <li>CAR 2: Major indicators defined in the</li> <li>ESMP and GAP are incorporated in the</li> <li>Result Framework.</li> </ul>
<b>CAR3:</b> Point 4 of GAP mentions "majority of farming population comprise of women". Please explain what the gender gap is. For example, it might well be the case that even though majority of farming population are women, they do not have access to information and training and/or they lack training in climate resilient agriculture, thus reducing their adaptive capacity (page 24. of Annex 2). The project would therefore make efforts to enhance the capacity of women farmers. Annex 2, page 24 mentions that "in the project area, access and control over land resources are dominated by men indicating that men play a significantly larger role in decision making related to buying and selling of land or in terms of cultivation and use of land resources."	<b>CAR 3:</b> Gender Gap: The gender assessment reveal that 90 percent of the participants view that men enjoy better access to training opportunities than women.

	<b>CR6:</b> Please clarify with appropriate performance targets how the project will ensure that women have greater decision-making power of their productive assets.	<ul> <li>CR 6: Appropriate gender performance targets:</li> <li>1. The results framework has defined indicators for ensuring minimum of 50% participation by women in training activities of the project to ensure access to information by women.</li> <li>2. The 30% of WUAs executive positions will comprise of women members.</li> </ul>
	<b>CR7:</b> Please clarify how the project will ensure an equitable distribution of benefits to vulnerable communities, households and marginalized and indigenous groups and clearly outline them.	<b>CR 7:</b> To ensure an equitable distribution of benefits to vulnerable communities, households and marginalized groups, the project will support formation of inclusive WUAs by ensuring all households become members of WUAs. It will support identification of vulnerable and marginalized groups during baseline survey. The by-laws of WUAs will include articles on exempting marginalized and vulnerable households on WUA contribution. During the implementation phase, community contributions will be exempted.
		These are highlighted in the project document under Section B (Social Benefits), description of project activities 2.1.3, 2.4.1 and ESMP Monitoring Plan.
5. Is the project / programme cost effective?	Not clear. The project provides a justification for cost- effectiveness of the proposed measures against	<b>CR 8:</b> Quantitative and qualitative data on SLM, PES and infrastructure are updated and described under Section C of the project document.

	a business-as-usual scenario. The system-wide scope and approach of integrated watershed management overall seems logical and well-	
	suited for cost-effectiveness and project sustainability. However, more quantitative and detailed data are needed to demonstrate the cost-effectiveness. Furthermore, the cost- effectiveness of interventions like the PES scheme and SLM activities may be strengthened by providing details of the existing evidence base of their success in- country. <b>CR8</b> : Please provide more quantitative data to support the cost-effectiveness of the selected approach compared to the alternative measures and provide details on the evidence base of	
C Is the project / macroscope	successful PES schemes and SLM approaches that will be replicated in the intervention sites.	
6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	Yes. The proposal is in line with the Royal Government of Bhutan's Water Flagship Program, Bhutan's National Development Plan (it will contribute to five of the 17 National Key Areas). Furthermore, it is in line with the National Environment Strategy 2020, with the National Agriculture Sector's 12th Five Year Plan and the first NDC. The country first National Adaptation Plan 2022 with a focus on the water sector is under development. The proposed project is built on the findings and assessment carried out for NAP formulation.	

relevan standar applica	mme meet the Relevant at national technical identified with them	national technical standards are , including the steps taken to comply and the nature of the tion/clearance granted.	
and Soc Fund?	cial Policy of the		
project	how it wi pre-appro GEF-LDO National S a number donors (C piloted an with a foc However, best pract projects a <b>CR9:</b> Ple learned an displaying projects in descriptio practically lessons, it	<ul> <li>bal provides general information on Il be complementary to existing and ved projects, including with GCF and CF. The proposal mentions that the Soil Services Centre has implemented of SLM project through various EF; UNDP-SGP). These projects ad scaled-up climate smart agriculture cus on SLM measures.</li> <li>more details on lessons learned and ices and synergies with existing re needed.</li> <li>ase include further details on lessons ad best practices. Please consider g a list of all the past and current n a table format, including their brief on, how the proposed project will y ensure synergies, how any earlier f relevant to the project, are taken into and/or how the project is avoiding</li> </ul>	<b>CR 9:</b> Details on past and current projects including their brief description, synergies, best practices and lesson learnt relevant to this project is provided in Table 6 under Section II.F.

9. Does the proj programme h learning and management to capture and lessons?	ave a The project does not knowledge knowledge manage component knowledge manage all the project comp seek to establish an knowledge manage appropriate models lessons learned and documented for wice policy mainstreamin	ment component, but ment is well integrated into onents. Specifically, it will d strengthen the existing ment system and establish of communication. Key best practices will be ler dissemination and
10. Has a consult taken place, a involved all k stakeholders, vulnerable gr including ger consideration compliance v Environment Policy and G of the Fund?	and has it (ey and oups, (der s in vith the al and Social ender PolicyA gender-responsive taken place in the for respective villages of consulted due to CO also supported the of assessment and GerThe consultations a the proposal design consulted, date of c findings are include clarifies which institi national level and h consultations were 44-45). A table is in lists the project stake	e consultative process has pur district target areas and (two villages were not DVID-19 restrictions). This levelopment of the Gender ader Action Plan. t local level have informed . The list of stakeholders onsultations and key d. The proposal also tutions were consulted at ow the outcomes of such aken into account (pages icluded in the main text that eholders consulted during ion. (Participants list in

11. Is the requested financing justified on the basis of full cost of adaptation reasoning?	Yes. The proposal proves that the planned activities alone, without additional funding, will allow the achievement of the set adaptation objective and the additionality of the proposed measures is adequately described.	
12. Is the project / program aligned with AF's results framework?	<b>Yes</b> . The proposal is aligned with the Fund's Strategic Outcomes 3,4, 5, 6, 7 and 8.	
13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	Not clear. Sustainable Land Management and Agriculture Land Development activities are mainstreamed into central and local government plans and programs.	
	<b>CR10:</b> Please specify how will the database for the water inventory (under output 2.1) be managed and how it will be maintained after the project finalization as per the above comment.	<b>CR 10:</b> Since the earlier submission, water inventory activity has already been implemented and it is not included in this project.
	<b>CR11</b> : Please clarify the arrangements through which the sustainability and maintenance of the water infrastructure to be installed will be ensured.	<b>CR 11</b> : Sustainability and maintenance of water infrastructure once completed will be handed over to the communities who will then manage the assets through formation of WUAs. Project will support in building their capacities and formulation of by-laws. For financial sustainability, cost for all
		minor O&M activities will be borne by the concerned WUAs after the project assets are completed and handed over to the

14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	Not clear. Although the proposal includes detailed findings for the conclusions presented in the environmental and social risk screening table (section K), this does not recognize that the project presents USPs. Furthermore, the risk finding for 'indigenous people (IP)' and 'compliance with the law' are not justified. The project includes activities requiring construction, water supply systems, for which compliance with sector specific regulations and standards (e.g., water quality compliance, building codes etc) are needed. CR12: Please provide justification that there are no Indigenous groups in the target areas. Even if IPs do not exist in the target areas, appropriate safeguard measures will need to be put in place to mitigate and manage risks should they be identified during implementation.	<ul> <li>WUAs. Major maintenance which are beyond the capacity of WUAs would be borne by the LGs. Relevant agencies will continue to provide technical backstopping to WUAs.</li> <li>Text has been included in Section II.J.</li> <li>CR 12: The World Bank's operational manual describes indigenous communities, in general as communities who self- identify and are identified by others as members of a distinct cultural group with an indigenous language, different from the national language or with presence of customary social and political institutions and characterized by primarily subsistence- oriented production. The UN, Department of Economic and Social Affairs define indigenous people as groups with social, cultural, economic and political characteristics that are distinct from those of the dominant societies in which they live. In Bhutan, there are no community groups who self-identify and are identified by others as distinct or indigenous in terms of culture, language, social and political institutions.</li> <li>However, the project will ensure that free and prior informed consent are secured for all activities that associated with stakeholders including marginalized and</li> </ul>
		vulnerable groups. The process for securing environmental clearance for every

	CAR4: Please revise risk findings taking into consideration, the points raised above.	project activity will include FPIC from affected stakeholders or individuals. This has been identified under ESMP in Table 4: Risks and impacts identified by the stakeholder consultations and project category; Table 5: Relevant environmental and social impacts and risks relevant to the project; Table 6: Environmental and Social Risks and mitigation measures and Table 7: Project Environmental and Social Management Plan (ESMP) and Table 8: ESMP Monitoring Plan. It is also added under Principle 7 in ESMP (page 8, Annex 2) and Table 8 under Section II.K of the project document. Compliance with the law is mandatorily addressed through requirement for valid environmental clearance for all project activities. Environment clearance includes attachment on forest clearance, community clearance, individual clearance and all affected stakeholders. The clearance documents contain terms and conditions to be implemented by the project. Compliance to these terms and conditions and validity of the clearances are monitored by respective competent authorities. Table 8 under Section II.K have been updated. <b>CAR 4:</b> The risk findings in ESMP have been updated.
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		CAR5: Please provide a justification for the use of USP approach. (Please refer to CR1 above)	CAR 5: The process for final designs of infrastructure systems to be implemented under Component 2, SLM interventions under Component 3 and watershed interventions under Component 1 will comprise of continued community consultations, detailed surveys, data collection on vulnerable and marginalized households, validation of specific site- based intervention measures and the validation of detailed design works. Final selection of SLM activities will be in line with the Agriculture Land Development Guidelines. This is planned for the first six months of the initial implementation phase. After emergence of site and activity specific details, the Environmental and Social Management Plan (ESMP) will be revised. The environmental/social and gender expert will coordinate assessment of risk based on 15 AF principles and update the ESMP. Accordingly, the project will also renew activity specific environmental clearances. The same has been updated under Section II.K.
		project (e.g., A, B, C).	been provided under table 11 of Section III.C.
Resource Availability	1. Is the requested project / programme funding	Yes.	

within the cap of the country?	
2. Is the Implementing <b>Yes.</b>	
Entity Management Fee	
at or below 8.5 per cent of	
the total	
project/programme	
budget before the fee?	
3. Are the Yes.	
Project/Programme	
Execution Costs at or	
below 9.5 per cent of the total project/programme	
budget (including the	
fee)?	
Eligibility of IE 1. Is the project/programme <b>Yes.</b>	
submitted through an	
eligible Implementing	
Entity that has been	
accredited by the Board?	
Implementation1. Is there adequateYes.	
	Assessment and Action Plan are
	The proposed implementation
	ents include a clear description of the
	responsibilities of the implementing
	well as the executing entities that are
	in the project. The PMU in the ion chart includes an M&E officer,
will be re	uards and Gender Specialist, who

2.	Are there measures for financial and project/programme risk management?	Yes. The proposal includes a table which identifies all major risk categories, consider their significance, and include adequate mitigation measures. It has also included a risk related to the possible impact of COVID-19 restrictions on project timely implementation and related mitigation measures.	
3.	Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?	Not cleared. An ESPM is included in Annex I. This contains clearly allocated roles and responsibilities and adequate budget provision for its implementation. Annex I included also meaningful arrangements for the supervision of the ESMP implementation at project and at field activity level. However, the ESMP may need to be revised in line with revisions to the risk assessment. See CARs 4-6 above. Grievance Redress Mechanism (GRM) for the project is included in Annex 1. CAR7: The proposal should provide a strong justification as of why not all the project activities (scale and precise location) can be fully identified to a point where a comprehensives risk screening is possible. Further, if USPs are present, the ESMP should contain provisions (process and budgetary- wise) to ensure the UPSs compliance with the	<b>CAR 7:</b> Addressed in Section II.K. A risk screening was already performed, yet the project will update risk screening and ESMP with the final validation of pre-identified measures.

		Fund's ESP and GP during project	
4	<ol> <li>Is a budget on the Implementing Entity Management Fee use included?</li> </ol>	implementation.Yes.The proposal includes a table with a breakdown of the Implementing Entity Management Fee (page 92).	
5	5. Is an explanation and a breakdown of the execution costs included?	<b>Yes</b> . The proposal includes a table with a breakdown of the Execution costs (page 93).	
Ć	5. Is a detailed budget including budget notes included?	Yes. A detailed budget with budget notes indicating the break-down of costs at the activity level is included. In addition, adequate resources were allocated in the project budget for a gender- responsive implementation.	
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	<b>Yes.</b> A budgeted M&E plan, covering the cost of the IE reporting requirements, has been included (page 78).	
8	B. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	Yes.	

9.	Does the	Not cleared.	CAR 8: Core Impact Indicator Tables have
	project/programme's results framework align with the AF's results framework? Does it	The proposal is aligned with the Fund's Strategic Outcomes 3,4,5, 6, 7 and 8.	been included after Section III.F.
	include at least one core outcome indicator from the Fund's results framework?	A results framework is included; however, some revisions might be needed to table III.E with respect to the inclusion of additional gender specific targets as discussed in <b>CARs</b> <b>1-3</b> above.	
		The project result framework includes at least the core impact indicator "Number of beneficiaries including estimations for direct and indirect beneficiaries. A second core indicator must be added if the project includes activities targeting the areas identified in AF results framework, namely (1) Early Warning System; (2) Assets Produced, Developed; Improved, or Strengthened; (3) Increased income, or avoided decrease in income or (4) Natural Assets Protected or Rehabilitated.	
		CAR8: Please include the Core Impact Indicator Tables after Section III.F using the guidance presented here. <u>https://www.adaptation-</u> <u>fund.org/document/methodologies-for-</u>	
		reporting-adaptation-fund-core-impact- indicators-march-2014/	

10. Is a disbursement	Yes.	
schedule with time-bound		
milestones included?		



## **PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND**

#### PART I: PROJECT/PROGRAMME INFORMATION

Project/Programme Category:	Regular Project
Country/ies:	Bhutan
Title of Project/Programme:	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan
Type of Implementing Entity:	National Implementing Entity
Implementing Entity:	Bhutan Trust Fund for Environmental Conservation
Executing Entity/ies:	Department of Agriculture & Department of Forests & Park Services Ministry of Agriculture and Forests
	Department of Engineering Services, Ministry of Works and Human Settlement
	Department of Local Governance, Ministry of Home and Cultural Affairs
	Gross National Happiness Commission
Amount of Financing Requested:	9,998,955 (in U.S Dollars) Equivalent

Page 1 of 108

#### Acronyms

ADSS	Agro-met Decision Support System		KM	Knowledge Management
AF	Adaptation Fund		LDCF	Least Developed Countries Fund
ALDG	Agriculture Land Development		LG	Local Government
	Guidelines		MoAF	Ministry of Agriculture and Forests
APR	Annual Performance Reports		MoH	Ministry of Health
ARED	Agriculture Research and Extension		MoHCA	Ministry of Home and Cultural
	Division			Affairs
BDWQS	S Bhutan Drinking Water Quality		MoWHS	Ministry of Works and Human
	Standards			Settlement
BTFEC	Bhutan Trust Fund for Environmental		NAPA	National Adaptation Program of
	Conservation			Action
CCA	Climate Change Adaptation		NCHM	National Centre for Hydrology and
CCP	Community Contracting Protocol			Meteorology
DES	Department of Engineering Services		NEC	National Environment Commission
DLG	Department of Local Governance		NIWRMP	National Integrated Water Resources
DoA	Department of Agriculture			Management Plan
DPA	Department of Public Accounts		NIMP	National Irrigation Master Plan
DRR	Disaster Risk Reduction		NKRA	National Key Result Areas
ESMP	Environment and Social Management		NWFP	Non-wood Forest Products
	Plan		PES	Payment for Ecosystem Services
FGD	Focused Group Discussion		PHCB	Population and Housing Census of
FNCRR				Bhutan
	and Regulations		PRA	Participatory Rural Appraisals
FYP	Five-year Plan		RGoB	Royal Government of Bhutan
GDP	Gross Domestic Product		RNR	Renewable Natural Resources
GEF	Global Environment Facility		RWSS	Rural Water Supply Scheme
GNH	Gross National Happiness		SAPA	Sector Adaptation Plan of Action
GNHC	Gross National Happiness Commission		SLM	Sustainable Land Management
HDPE	High Density Polyethylene Pipe		TWG	Technical Working Group
HKH	Hindu Kush Himalayan		WMD	Watershed Management Division
IEE	Initial Environmental Examination		WTP	Water Treatment Plant
IPCC	Inter-governmental Panel on Climate		WUA	Water Users Association
	Change			
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Page 1 of 108

#### **Project Background and Context**

#### **General Country Information**

The Himalayan Kingdom of Bhutan is a small land-locked country with a population of 727,145 (PHCB 2017<sup>1</sup>) and a geographical area of 38,394 km<sup>2</sup>. The country is almost entirely mountainous with nearly 95% of the country above 600 metres<sup>2</sup>. The topography is rugged and steep, with elevation rising from 200 metres to more than 7,500 metres within a short south-north distance of some 170 km. The country can be divided into three broad physiographic zones: the southern belt made up of the Himalayan foothills adjacent to a narrow belt of flatland along the Indian border; the inner Himalayas consisting of main river valleys and steep mountains; and the high Himalayas featuring alpine meadows and snow-capped mountains.

Administratively, the country is made up of 20 dzongkhags (Figure 1) which is further divided into four thromdes (municipalities) and 205 gewogs.



The country's development policies, plans and programmes are guided by the philosophy of GNH that places happiness and welfare of the citizens at the heart of the national development. This philosophy is underpinned by the four central and mutually-reinforcing objectives of equitable socio-economic development, environmental sustainability, promotion and preservation of culture, and good governance. The country is currently implementing the 12<sup>th</sup> FYP (November 2018-October 2023) to create "a just, harmonious and sustainable society through enhanced decentralization."

Bhutan's economy is one of the smallest in the world but it has seen impressive growth over the years. The country's GDP has grown from Nu. 70,783 million (US\$ 1,548 million) in 2010 to Nu. 171,573 million (US\$ 2,344 million) in 2020, up by about 142%<sup>3</sup>. According to National Accounts Statistics 2021, the key economic sectors contributing to GDP are renewable natural resources, which includes agriculture, livestock rearing and forestry (19%), industry (34%) and

<sup>&</sup>lt;sup>1</sup> Population and Housing Census of Bhutan 2017, National Statistics Bureau, RGoB

<sup>&</sup>lt;sup>2</sup> Atlas of Bhutan: Land Cover and Area Statistics, 1997, Ministry of Agriculture, RGoB

<sup>&</sup>lt;sup>3</sup> National Accounts Statistics 2021, National Statistics Bureau, RGoB

services (46%)<sup>4</sup>. In terms of employment, the RNR sector remains the most important economic sector although its GDP share has been falling over the years. However, with the onset of Covid-19 pandemic, the economy experienced its largest contraction. The Bhutanese economy slumped to -10.08% in 2020, which is 15.83% drop compared to a growth of 5.76% in 2019.

Bhutan is endowed with an outstanding natural environment. Bhutan is dubbed as the 'crown jewel' of the Eastern Himalayas, a region recognized as a global biodiversity hotspot. With 71% of forest cover and 51.4% of protected areas, Bhutan has maintained its rich biodiversity and water resource availability. As a result of vast tracts of forest cover<sup>5</sup>, low level of polluting industrial activity and almost all electricity generated from hydropower, Bhutan is perhaps the only country in the world with net greenhouse gas (GHG) emission in negative. The net GHG emission is estimated to be -4,750.04 Gigagram (Gg) of CO<sub>2</sub> equivalent based on 2000 data<sup>6</sup>. This, however, does not exempt the country from the impacts of global warming and climate change.

Bhutan is also known to be water abundant in the region, with one of the highest reported water availability per capita. However, issues with water accessibility continue to persist across the country. This scenario of high water availability but low accessibility exists mainly due to the impacts of climate change resulting in drying up of water sources, inadequate infrastructure development and maintenance, and issues with governance.

#### **Climate and Climate Change Scenarios**

The second (SAR 1990), third (TAR 2001), fourth (AR4 2007) and fifth (AR5 2014) assessment reports produced by the IPCC indicate that mountainous countries such as Bhutan are likely to be most vulnerable to the adverse impacts of climate change. The IPCC and other climate-based reports have identified a number of vulnerabilities that mountainous countries will face in relation to climate change and variability, including their size and limited resource base, vulnerability to existing weather events such as heavy monsoonal rain, dry season drought, tropical storms such as cyclones and restricted economic opportunities.

As a least developed country with a geologically fragile and young mountain ecosystem, Bhutan is highly vulnerable to climate change. Socio-economic development is highly dependent on climate-sensitive sectors such as agriculture, hydropower, forestry, road and communication. As a mountainous country with a huge area under snow and glaciers, and an intricate natural drainage system of several watersheds, water catchments, rivers, rivulets and streams, the country is intrinsically exposed to and impacted by climate change hazards, including glacial lake outburst floods, landslides, and flash floods. Reduced precipitation during winter in recent years has caused increased forest fire risks and seasonal water scarcity in many areas. Rainfall pattern is increasingly erratic, posing huge adversities for farmers who largely practice rain-fed agriculture. Low agriculture capacity, low access to reliable drinking water and projected floods are the weakest elements in ND-GAIN analysis of Bhutan's climate vulnerability<sup>7</sup>. Severe events of windstorm are increasingly recurrent, damaging numerous homes, schools, health facilities, government offices, and temples, as well as tonnes of crops.

Climate varies considerably in Bhutan due to its rugged topography. The southern foothills typically have subtropical climate characterized by high humidity and heavy rainfall with several

<sup>&</sup>lt;sup>4</sup> National Accounts Statistics Report 2021.

<sup>&</sup>lt;sup>5</sup> More than 70% of forest cover, one of the highest in the world

<sup>&</sup>lt;sup>6</sup>Second National Communication to the UNFCCC, November 2011.
<sup>7</sup> ND GAIN: Notre Dame – Global Adaptation Index, <u>https://gain.nd.edu/our-work/country-index/</u>

locations recording more than 4,000 mm of annual rainfall. Temperatures in the southern region ranges from 10°C to 25°C in winter and 20°C to 35°C in summer. Central mountains are characterized by cool winters and warm summers with temperatures ranging from -5°C to 15°C in winter and 15°C to 25°C in summer. Rainfall in this region is moderate between 1,000 to 2,000 mm per year.

The monsoon lasts from late June to late September. The moisture-laden clouds that originate in the Bay of Bengal travel north towards the Himalayas. When these clouds are blocked by the high Himalayas, they bring heavy rainfall to the region. The monsoons play a critical role in the life of the people of this region. Most farmers are totally dependent on the monsoons for irrigation. The late onset of the monsoons can lead to drought in the region while excessive monsoon rains can result in flash floods and landslides.

Simulations using ECHAM5 and HadCM3Q0 climate models for projection of long-term climate scenarios carried out as a part of the Second National Communication (2011) suggests:

- Change in temperature: Mean annual temperature for the 2010-2039 is projected to increase by ~0.8°C (ECHAM5/A1B scenario) to ~ 1.0°C (HadCM3QO/A1B scenario) compared to the current (1980-2009) climate. There is little or no difference between the annual and seasonal (monsoon and winter) temperature changes according to the ECHAM5/A1B scenario whereas HadCM3QO/A1B scenario projects a slightly higher increase in mean winter seasonal temperature (~1.2°C) and a slightly lower increase in mean monsoon seasonal temperature (~0.8°C). For the 2040-2069 period, mean annual temperature is projected to increase by ~2.0°C (ECHAM5/A1B scenario) to ~2.4°C (HadCM3QO/A1B scenario). Again, there is little or no difference between the annual and seasonal (monsoon and winter) temperature changes according to the ECHAM5/A1B scenario but HadCM3QO/A1B scenario projects a slightly higher increase in mean winter seasonal temperature changes according to the ECHAM5/A1B scenario but HadCM3QO/A1B scenario projects a slightly higher increase in mean winter (~2.8°C) and a slightly lower increase in mean winter seasonal temperature (~2.8°C) and a slightly lower increase in mean monsoon seasonal temperature (~2.8°C) and a slightly lower increase in mean monsoon seasonal temperature (~2.1°C).
- Change in precipitation: As for changes in mean annual precipitation, both ECHAM5/A1B and HadCM3Q0/A1B scenarios project a slight increase of ~6% for the 2010-2039 period. On a seasonal basis, there is a slight decrease in winter precipitation (~2%) and an increase of 4-8% in the monsoon period. For the 2040-2069 period, the ECHAM5/A1B scenario projects an increase of ~25% in the mean total annual precipitation with a generally higher increase in the monsoon compared to the winter season. The HadCM3Q0 also projects almost a similar scenario: an increase of ~21% with a generally higher increase in the monsoon than in the winter season. The general projection is that the mean annual precipitation will see an increase over the next 30 to 60 years but with more intense and concentrated rainfall in the monsoon season and generally drier winter season.

#### The Impacts of Climate Change on Water and Agriculture

Climate change is a serious concern globally because of its adverse effects on the economy, ecology, and environment. Many natural systems and regions, including the HKH region, are affected by regional climate change. Climate change has been more pronounced in the mountainous region in recent decades, affecting the people and ecosystems.

In Bhutan, the impacts of climate change are all too evident and visible. The fragile ecosystems make the country highly vulnerable. As detailed in the climate change scenario, the temperature

Page 4 of 108

and rainfall in the country are projected to see changes as per various climate modeling studies. Weather patterns are getting unpredictable with increasing variability in frequency, particularly with the intensity and timing of monsoon. This could be catastrophic for Bhutan since a major portion of the Bhutanese farming system is rain-fed. Dry spells are expected to get drier and wet periods are expected to get wetter in the future, making the country more vulnerable to the impact of climate change.

As a fragile mountain ecosystem, issues such as erosion, landslides and floods will exacerbate, especially with an increase in summer rainfall projected between June and August. Furthermore, the projected increase in rainfall variability can lead to decrease in precipitation for extended periods, causing irrigation water availability and access problems, which undermine current water distribution infrastructure and communities' abilities and rights to access water for household and agricultural requirements. The increase in temperature will also result in more evaporation losses. Springs and small streams are the main water sources for rural communities of the country. Many of them are reportedly drying up. The updated NAPA 2012 acknowledged water as a key sector to be severely affected by climate change with far-reaching implications relating to drought, floods, access to water and water quality. The NAPA 2012, therefore, includes actions for Rainwater Harvesting and Drought Adaptation. The government has also embarked on a water flagship programme in the 12th FYP to give impetus to address water problems, including those triggered by climate change.

The ongoing NAP formulation process has identified Water, Agriculture and Livestock, Forests and Biodiversity, Human Settlements and Climate Smart Cities, Health, Energy, Climate Services and Disaster Risk Reduction as priority sectors.

Subsistence agriculture in Bhutan will be affected by the projected variability in rainfall patterns and intensity. Rice is a staple crop in Bhutan which requires more water than any other crop, hence it is highly dependent on climatic factors such as monsoon and temperature. Since wetland farming constitutes 27.86% of the country's cultivable land, rice farming in Bhutan will be highly sensitive climate change.

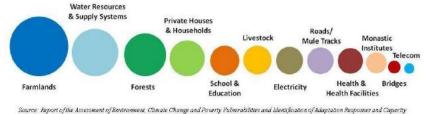
On the other hand, dryland also constitutes an important land use category in Bhutan. It is mainly practiced on mountain slopes, making it highly vulnerable to the vagaries of extreme weather events such as soil erosion and nutrient loss. Traditional crops such as maize, wheat, barley, buckwheat, millet and potatoes are grown in dryland, and the variation in temperature will reduce crop productivity and production. This further makes the country vulnerable to climate shocks through the loss of traditional genetic resources in terms of both crop species and varieties.

Then, there is higher risk of the emergence of new insects, pests and diseases with climate change. Bhutan has been witnessing more frequent extreme weather events causing widespread damage to crops and livelihoods. These are projected to be more frequent in the future. In 2021, Bhutan witnessed extensive damage to paddy and other crops due to incessant rain during the harvesting season. The incident underlined the importance of agrometeorology services.

During community consultations for past climate change adaptation projects<sup>8</sup>, communities identified rainfall and water availability as the two principal environmental constraints on agricultural production. Many rural communities face dwindling access to water during the dry season when the largely natural springs that they rely on shrink considerably or dry up. Participatory Rural Appraisals (PRAs) of the environmental and climate change impacts on key

<sup>8</sup> Reference is to GEF/LDCF-NAPA II and GEF/LDCF-NAPA III projects.

local livelihoods resources and assets carried out in August and September 2011 in some of the poorest gewogs in the country through the Joint Support Programme<sup>9</sup> provide an insight into climate change vulnerabilities at the local level. The PRAs revealed that farmlands were the most vulnerable of all local livelihood resources/assets, followed by water resources and supply systems (Figure 2). This indicates considerable climate change risks as the nation's socio-economic wellbeing is hugely dependent on agriculture and water resources.



Source: Report of the Assessment of Bavtronment, Camate Change and Poverty Pubserabilities and Identification of Adaptation Responses and Capacity Development Needs of the Local Governments, December 2011, Department of Local Governmens, Munsury of Home and Cultural Affarr Figure 2: Scale of environmental and climate vulnerabilities, local resources and assets

#### **Climate Change and Gender**

The impacts of climate change are not gender-neutral. Due to gender-differentiated traditional roles in agriculture, health and nutrition, women are likely to face the heaviest burdens of climate impacts. The gender assessment for the GEF/ LDCF-NAPA III project suggested that women are likely to be vulnerable because of their roles in rural communities, which are largely confined to agricultural and domestic activities within the households while men go for off-farm non-agricultural work or carry out heavier tasks such as ploughing and firewood collection. At 49.2%, the agriculture sector accounts for the highest employment in Bhutan. Of this, women constitute 57.8%<sup>10</sup>, implying the importance of agricultural livelihoods for the development and wellbeing of Bhutanese women and, therefore, their vulnerability to climate change.

While a higher percentage of women is engaged in agriculture, surveys carried out for an indepth assessment on climate change and gender<sup>11</sup> revealed that fewer women than men were aware of climate-smart and resilient agriculture initiatives. The assessment also highlighted those rural men and women have different views and solutions on how to cope with climate change. This underlines the importance of gender mainstreaming in climate change adaptation strategies.

#### **Climate Change and Local Governance**

The government is increasingly placing LGs at the centre of the sustainable development agenda. Unlike in the previous FYPs, the capital resource allocation to LGs in the current FYP makes up 50% of the total budget outlay. The role of LGs is highlighted below:

Climate Change Adaptation (CCA) is often a highly localized matter. Different localities
may experience different climate change challenges. Furthermore, local variations make
CCA more suitable for LG actions. As formal institutions with the mandate of direct
delivery of public goods and services at the grassroots level, LGs are best placed to help
local communities adapt to the many consequences of climate change.

<sup>&</sup>lt;sup>9</sup> Joint Support Programme, Capacity Development for Mainstreaming Environment, Climate Change and Poverty Concerns in National Policies and Programmes.
<sup>10</sup> Bhutan Labor Force Survey Report 2021, National Statistics Bureau, RGoB.

Diffidult Labor Force survey Report 2021, National Statistics Dureut, ROOD. <sup>11</sup> Gender and Climate Change in Bhutan: with emphasis on the NDC priority areas Agriculture, Energy and Waste Report 2020 by UNDP, National Commission for Women and Children and the National Environment Commission.

- Marginalization: LGs can support mountainous communities that suffer from limited access to basic government, social and technical services, including health care, education, and agricultural extension services.
- Given their proximity to the local communities, LGs have comparative advantage in terms of access to local knowledge, ability to mobilize local communities, and delivery of public goods and services to respond to climate change vulnerabilities.
- In view of increased resource allocation to LGs, it is critical that LGs have enhanced capacity to invest their resources in a sustainable manner. This, among other things, imply that it is critical that local development investments sufficiently integrate climate change adaptation and gender measures.

#### Water Information Management

Information concerning drinking water and irrigation infrastructural developments, coupled with its management and climate resilient/proofing facilities, have been limited and mostly anecdotal in Bhutan. While The Water Act of Bhutan 2011 empowers the NEC to coordinate with line agencies to manage water resources of the country through the Water Resources Technical Advisory Committee, there are multiple agencies involved in the governance and management of water resources, including the protection of watersheds, management and distribution of irrigation and drinking water supply. At the central level, the MoWHS is responsible for the distribution and management. At the local level, the Dzongkhag Engineering Division is responsible for infrastructure and water management within the *dzongkhags*. Hence, these overlapping responsibilities and roles have impeded effective implementation of water governance and management.<sup>12</sup> Furthermore, inadequate knowledge and information has greatly affected the materialization of statistical data-based and scientific recorded information in implementing water programmes in the country.

To fill this gap, the government is currently working on the creation of a water agency, which will be responsible for the overall management and governance of water sector. To complement this initiative, this project will support country-driven capacity building for long-term institutional knowledge management, M&E, financial system and human resource upskilling. This will include the review of pre-existing information sources, documents, best practices and lessons learnt while mapping existing knowledge gaps from other projects in Bhutan under the GCF, GEF and GEF LDCF (NAPA III) funding windows. Human resource development and associated institutional and budget support will be provided to upskill staff for improved long-term knowledge management.

#### **Project Sites**

The proposed AF project will be implemented in three dzongkhags, namely Dagana, Paro and Tsirang (Fig. 3: map showing the location of the dzongkhags). It will cover 3 of the 14 gewogs in Dagana, 7 of the 10 gewogs in Paro and 3 out of the 12 gewogs in Tsirang. These 13 gewogs have been identified as priorities for intervention under the government's "water flagship programme" due to their specific vulnerabilities exacerbated by climate change that need to be specifically addressed through targeted water and agricultural adaptation activities. These gewogs, put together, have a total population of 36,464 and cover a total area of 1,403sq km.

<sup>&</sup>lt;sup>12</sup>The Water Act of Bhutan 2011, RGoB

As per the Assessment of climate risks on water resources for the National Adaptation Plan (NAP) in Bhutan report, 2021<sup>13</sup>, Tsirangtoe, Phuentenchu and Semjong gewogs under Tsirang Dzongkhag are ranked the most water related disaster prone gewogs including water scarcity for drinking and irrigation. Similarly, insufficient water, poor water quality, existing conventional open channels leading to water loss through seepage and sources located far away from the settlements are the major challenges in identified gewogs of Paro. Further. the report also highlights issues of acute water shortage for both drinking and irrigation due to drying up of sources and existing conventional open channel leading to the loss of water to seepage in Dagana dzongkhag.

In all dzongkhags, long distance from water sources and settlements at the sources and along the conventional open channel distribution is leading to pollution/contamination of water causing public health concerns. Moreover, water related conflicts are common in all water scarce communities. Effective adaptation measures with targeted water and agriculture activities in the identified 13 Gewogs, will boost agriculture production and enhance the resilience of the communities to the impacts of climate change.

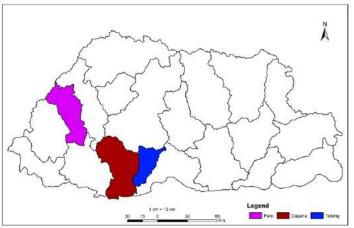


Figure 3: Map showing the location of Dagana, Paro and Tsirang Dzongkhags

SI. No	Dzongkhag	Gewog	Area (km2)	Population		
				Male	Female	Total
1	Dagana	Drujeygang	57.47	1,748	1,804	3,552
2	Dagana	Lajab	108.58	454	389	843
3	Dagana	Tshangkha	37.38	863	844	1,707
4	Paro	Dhopshari	33.89	1,590	1,590	3,180
5	Paro	Lungnyi	59.7	2,015	2,030	4,045
6	Paro	Lamgong	48.8	1,710	1,626	3,336
7	Paro	Doteng	193.1	602	547	1,149

<sup>13</sup> Assessment of climate risks on water resources for the National Adaptation Plan (NAP) in Bhutan, 2021

Page 8 of 108

	Total         1,403.00         19,249.00         17,215.00         36,464.00           Table 1: Project location					
13	Tsirang	Phuentenchhu	132.32	673	675	1,348
12	Tsirang	Tsirangtoe	31.402	778	692	1,470
11	Tsirang	Semjong	14.656	721	608	1,329
10	Paro	Wangchang	34.2	1,666	1,645	3,311
9	Paro	Shaba	76.4	3,258	2,683	5,941
8	Paro	Tsento	575.1	3,171	2,082	5,253

#### **Dagana Dzongkhag**

Encompassing a total area of 1,721.77 km<sup>2</sup>, Dagana lies in the southwestern part of the country. The dzongkhag has a total population of 21,914 (11,314 male; 10,600 female). Of these, 81% makes up the rural population. The mean annual household income is BTN 156,990 (USD 2,440 approx.) (GNH Survey 2015)<sup>14</sup>. Agriculture and livestock rearing are the key sources of income. Dagana is one of the major producers of orange and cardamom in the country.

#### **Paro Dzongkhag**

Situated in the north-western part of the country, Paro has a total area of  $1,282.79 \text{ km}^2$ . The population of the dzongkhag is 32,165 (17,058 male; 15,107 female). Rural communities constitute 74.3% of the population. The mean annual household income is BTN 201,823 (USD 3,140 approx.) and major income sources include agriculture and livestock rearing. In urban centres and peripheral areas, they include tourism and small retail business.

#### **Tsirang Dzongkhag**

Tsirang Dzongkhag is located in the south-central part of the country with elevations ranging from 400 to 2,000 metres above sea level and has a total area of 528.84 km<sup>2</sup>. The dzongkhag has a total population of 18,919 (9,667 male; 9,252 female). It shares border with Wangduephodrang Dzongkhag to the north, Sarpang to the east and southeast and Dagana to the west and southwest. Centrally located and known for its mild climatic conditions, Tsriang has the potential for production of all varieties of vegetables throughout the year.

#### **Project Objective**

The objective of the project is to build resilience to climate change and adaptive capacity of water-stressed communities in the districts of Paro, Dagana and Tsirang. The project comprises four components as follows:

- Component 1: Adaptive management of watersheds for enhancing the resilience of the communities.
- Component 2: Climate resilient water infrastructure for uninterrupted supply of water for drinking and irrigation.
- Component 3: Climate-smart agriculture through sustainable land management and informed agro-meteorological services.
- Component 4: Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots.

<sup>14</sup> Cited in the 12th Five-Year Plan of Dagana Dzongkhag.

### **Project Components and Financing:**

Project/Programme ComponentsExpected Concrete OutputsExpected OutcomesAmount (USS)Component 1: Adaptive management of watersheds to enhance the climate resilience of communitiesOutput 1.1: Watershed management intervention measures implemented Output 1.2: Payments for Ecosystem Services (PES) schemes scaled-up Output 1.3: Water sources' recharge interventions adopted Output 2.1: Climate- and disaster- resilient water infrastructure for uninterrupted supply of water for drinking and irrigationOutcome 1: Increased watershed and ecosystem Services (PES) schemes scaled-up Output 2.1: Climate- and disaster- resilient drinking water infrastructure established Output 2.2: Climate- and disaster- resilient drinking water output 2.2: Climate- and disaster- resilient drinking water output 2.2: Climate- and disaster- resilient drinking water adopted Output 2.2: Climate- and disaster- resilient irrigation infrastructure established Output 2.2: Climate and disaster- resilient irrigation infrastructure established Output 2.2: Climate and disaster- resilient irrigation infrastructure established Output 2.2: Climate and services made available and accessibleOutcome 3: Vulnerable agriculture land brought under SLM661,481Component 3: Climate- for Camponent 4: Improved restorological services mate adopted Output 4: 1: Institutional mechanisms in LGs strengthened for CCA and gender mainstreaming and water governance at the local level0utcome 3: Vulnerable agriculture land brought under SLM661,481Component 4: Improved restorological services mate available and accessibleOutcome 4: Improved sustainability through for CCA and gender mainstreaming	•	9		
management of watersheds to enhance the climate resilience of communities       intervention measures implemented Output 1.2: Payments for Scaled-up Output 1.3: Water sources' recharge interventions adopted Output 1.4: Wetland monitoring system for informed decision- making established       watersheds and excession output 1.3: Water sources' recharge intrespective for uninterventions adopted Output 2.1: Climate- resilient water infrastructure for unintervupted supply of water for drinking and irrigation       Output 2.1: Climate- resilient irrigation infrastructure established       Output 2.2: Climate- community strengthened for effective management of irrigation and drinking water       Outcome 2: Improved access to irrigation and safe drinking water       7,492,813         Component 3: Climate- smart agriculture through sustainable land management ad informed agro- meteorological services       Output 3.1: SLM in vulnerable and degraded areas implemented Output 3.2: Climate- smade agriculture land brough under SLM       Outcome 3: Vulnerable agriculture land brough under SLM       661,481         Main aggement 4: Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots       Output 4.1: Institutional mochanisms in LGs strengthened for CCA and gender mainstreaming       Outcome 4: Improved sustainability through CCA mainstreaming and water governance at the local level       93,991		Expected Concrete Outputs	Expected Outcomes	(US\$)
resilient water infrastructure for uninterrupted supply of water for drinking and irrigation $ \begin{array}{c}         Output 2.2: Climate- and disaster- resilient irrigation infrastructure established         Output 2.3: Innovative technologies         for tapping water adopted         Output 2.4: User groups in the         community strengthened for         effective management of irrigation         and drinking water          Component 3: Climate-         through sustainable land         management and         information, products and services         information, products and services         made available and accessible          Component 4: Improved         for CCA and gender mainstreaming         management at the         grassroots          Project/Programme Execution cost          State          Project/Programme Cycle Management Fee charged by the IE            $	management of watersheds to enhance the climate resilience of communities	intervention measures implemented <u>Output 1.2</u> : Payments for Ecosystem Services (PES) schemes scaled-up <u>Output 1.3</u> : Water sources' recharge interventions adopted <u>Output 1.4</u> : Wetland monitoring system for informed decision- making established	watershed and ecosystem resilience in response to climate change and variability-induced	
smart agriculture through sustainable land management and informed agro- meteorological services         degraded areas implemented Output 3.2: Climate change information, products and services made available and accessible         Vulnerable agriculture land brough under SLM         661,481           Component 4: Improved Iocal governance for effective CCA management at the grassroots         Output 4.1: Institutional mechanisms in LGs strengthened for CCA and gender mainstreaming mainstreaming with focus on water management at the grassroots         Output 4.1: Institutional mechanisms in LGs strengthened for CCA and gender mainstreaming and water governance at the local level         93,991           Vulnerable agriculture land brough under SLM         93,991           Strengthened for CCA and gender mainstreaming management at the grassroots         Project/Programme Execution cost Total Project/Programme Cost Project/Programme Cycle Management Fee charged by the IE         520,950	resilient water infrastructure for uninterrupted supply of water for drinking and irrigation	resilient drinking water infrastructure established <u>Output 2.2</u> : Climate- and disaster- resilient irrigation infrastructure established <u>Output 2.3</u> : Innovative technologies for tapping water adopted <u>Output 2.4</u> : User groups in the community strengthened for effective management of irrigation and drinking water	access to irrigation and safe drinking water	7,492,813
Iocal governance for effective CCA mainstreaming with focus on water management at the grassroots       mechanisms in LGs strengthened for CCA and gender mainstreaming and water governance at the local level       Sustainability through CCA mainstreaming and water governance at the local level         Project/Programme Execution cost       520,950         Total Project/Programme Cost       9,335,025         Project/Programme Cycle Management Fee charged by the IE       663,930	smart agriculture through sustainable land management and informed agro-	degraded areas implemented <u>Output 3.2:</u> Climate change information, products and services	Vulnerable agriculture land	661,481
Project/Programme Execution cost 520,950 Total Project/Programme Cost 9,335,025 Project/Programme Cycle Management Fee charged by the IE 663,930	local governance for effective CCA mainstreaming with focus on water management at the	mechanisms in LGs strengthened	sustainability through CCA mainstreaming and water governance	93,991
Total Project/Programme Cost         9,335,025           Project/Programme Cycle Management Fee charged by the IE         663,930	<b></b>	Project/Pro	ogramme Execution cost	520,950
Project/Programme Cycle Management Fee charged by the IE 663,930				
				9,998,955

## **Projected Calendar:**

Milestones	Expected Dates
Start of Project/Programme Implementation	January 2023
Mid-term Review (if planned)	June 2025
Project/Programme Closing	December 2027
Terminal Evaluation	February 2028

Page 10 of 108

#### PART II: PROJECT / PROGRAMME JUSTIFICATION

#### A. Description of Project Components

The project for climate resilience building in water stressed communities in Bhutan proposes an articulated approach that will lead to healthier ecosystems and improved associated services, better management of water use for human activities, improved information systems and decision-making, and linking with the most relevant level of governance. Issues related to water availability and use all along the watershed, the various components of sustainability (including at technical, financial and institutional level), and the participation of the beneficiaries are key aspects of the project.

# Component 1: Adaptive management of watersheds to enhance the climate resilience of communities

Watersheds in Bhutan used to be pristine. Healthy ecosystems and relatively low human pressure in the country, backed by strong environmental policies and good practices, have succeeded in maintaining a healthy forest cover with quality water resources. In the past decade, however, increased developmental activities across the country have posed serious threats to the fragile mountain ecosystems. As a result, watersheds in Bhutan now show varying degrees of degradation with some of them showing high levels of risk.

The current problems include forest degradation, drying up of water sources, grazing, soil erosion and landslides, infrastructure development and rapid urbanization. Some of the causes of these problems are forest fire, over extraction of forest resources, illegal harvesting, poor grazing management, and farm roads with poor drainage, inappropriate land use practices, and infrastructure development, not to mention climate-related hazards such as extreme rainfall events, prolonged dry seasons, unstable geology and steep terrain.

The degraded watersheds lack resilience and have limited ability to provide ecosystem goods and services, let alone withstand shocks associated with climate change. This, in turn, increases drudgery for women and children brought about by various stresses such as the shortage of drinking water, sanitation and hygiene, and irrigation water. Further, hydropower and naturebased tourism, which are the backbone of Bhutan's economy, are jeopardized.

It has, therefore, become critical to manage the natural resources and livelihood of the people living within the watersheds. With more than 60% of the population still agrarian and vulnerable to climate change, adaptation becomes ever more necessary, calling for more effective management and maintenance of the overall health of their ecosystem services.

Integrated watershed management offers a holistic approach to addressing these issues, enabling communities to increase their resilience to climate change. Adequate watershed management is a cornerstone for the success of other interventions of the project such as development of climate resilient infrastructure and water governance.

Past experiences of integrated watershed approaches in Bhutan showed promising results. People's understanding of addressing water issues in a holistic and collaborative way has been enhanced. The need for upstream and downstream linkages has been fostered and enabled adopting mechanisms like PES, which not only provided a viable option to finance watershed management but also incentivized communities for their involvement in conservation activities. Currently, there are four PES schemes in Bhutan focusing on the protection of water source

Page 11 of 108

areas. A recent report on "Review of PES Schemes in Bhutan" (WMD, 2019) indicated that PES schemes have not only enhanced the watershed ecosystem services but also improved the community exchequer, enabling the community members to use the fund for the poor and vulnerable members in times of need. The AF can support in upscaling PES schemes in the project dzongkhags to enable communities to derive benefits for their conservation initiatives.

Along with watersheds, wetland management that promotes the wise use of wetlands and water source revival activities have been initiated. Three wetlands have been declared Ramsar sites and a few wetlands of national importance were assessed. However, wetland management has not been carried out in the project dzongkhags. Further, 7,399 water sources, which are currently tapped for drinking, irrigation and industrial use were inventoried. Of these water sources, 25.1% (1,856) are found to be in the drying stage (Figure 4) prompting an investigation into the causes of drying for timely intervention. Therefore, WMD is seeking AF to upscale and strengthen these initiatives to enhance the adaptive capacities of the local communities without which wetlands and water sources in Bhutan will continue to deteriorate, impacting the ecosystem and community livelihoods.

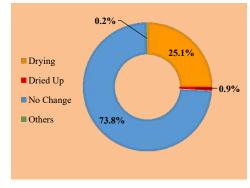


Figure 4: Status of water sources in Bhutan<sup>15</sup>

The proposed project interventions will include implementation of climate-resilient activities that are expected to facilitate transformational change. This will be done by adopting an integrated approach, including the definition and implementation of robust watershed management intervention measures, scaling-up of community-managed PES schemes, the protection of principal water sources and management of critical ecosystems such as wetlands. Further, the strategic recharge zones will be managed through the use of appropriate technologies and interventions to revive water sources and enhance ecosystem services. All these interventions will improve the climate resilience of the communities.

Under this component, the proposed project seeks to achieve the following outputs:

Output 1.1: Watershed management intervention measures implemented

Output 1.2: PES schemes scaled-up

Output 1.3: Water sources' recharge interventions adopted

Output 1.4: Wetland monitoring system for informed decision-making established

<sup>&</sup>lt;sup>15</sup> Status of water sources in Bhutan, WMD, MoAF

#### Output 1.1: Watershed management intervention measures implemented

In the context of highly fragile ecosystems coupled with water scarcity and predicted climate change, watershed management ensures an integrated climate adaptative approach leading to soil conservation, fodder/fuel wood production, vegetation control, infiltration and water recharge besides improved access and equity for the communities.

The Water Act of Bhutan 2011 and the Water Regulation of Bhutan 2014 mandate the MoAF to develop and implement watershed and wetland management plans. Accordingly, a roadmap to guide the implementation of strategies aimed at improving the management of Bhutan's watersheds was developed in 2009 and adopted by the WMD under the MoAF in 2011. It includes a strategy to focus watershed management planning initially on the watersheds that require urgent management interventions.

Using the Guideline for Classification of Watersheds 2016, watersheds are assessed and classified into pristine, normal, degraded, or critical. Those classified as degraded or critical are scheduled for the development of management plans. WMD has undertaken the preliminary assessments of watersheds in Dagana, Tsirang and Paro dzongkhags which indicate the communities' exposure and sensitivity to climate change even as their understanding of the threat is limited. Only Dagana has a watershed management plan but its scope is limited, not even covering the whole district. We will use the experiences gained from the current plan to efficiently plan and implement the required activities in the identified priority areas. Tsirang and Paro districts have not carried out any watershed intervention.

This component is related to three drinking water schemes and two irrigation schemes proposed under component 2. To link it to component 2, this section of the component will make a specific climate assessment in the watersheds where the sources of these schemes are located. This will help fine-tune the interventions to enhance the climate resilience of the local communities. The climate assessments will focus on the status and degradation of watersheds at the proposed sites by mid-term and allow the implementation of intervention measures by the end of the project. An exhaustive list of appropriate interventions comprising both biological measures such as plantation of appropriate plant/bamboo/grass species and physical measures such as construction of check dams and other appropriate structures will be identified, validated <u>and implemented</u> through <u>participatory approach involving all the relevant stakeholders during implementation.</u> This will involve both consultation <u>meetings</u> and <u>implemented on field assessments</u>. While the implementation will be for the abovementioned sites, the component will take advantage of the project to sensitize *dzongkhag* and relevant local government staff on watershed management and related activities to build their capacities and empower them. Likewise, since providing periodical training is of utmost importance in watershed management, training will be provided.

To achieve this output, the following activities will be undertaken:

Activity 1.1.1: Conduct sensitization and awareness workshops (13 gewogs to be sensitized) targeting equal proportion of men and women.

Activity 1.1.2: Training of community members and LG officials on the implementation of identified watershed management interventions <u>targeting equal proportion of men and women</u> Activity 1.1.3: Conduct watershed assessment at the project site, including the watersheds along

the proposed pipeline

Activity 1.1.4: Develop watershed management intervention measures for the proposed areas (five sites plus along the proposed pipeline; at least one plan per dzongkhag - minimum of four) Activity 1.1.5: Implement identified intervention measures targeting participation by equal proportion of men and women headed households

Page 13 of 108

#### **Output 1.2: PES schemes scaled-up**

PES recognize the efforts made by people living upstream that lead to the betterment of the lives of people who live downstream within a watershed. Not only does PES establish forms of collaborative management of natural resources and geographical space within a watershed, it also gives strong incentives for the implementation of sustainable practices. In Bhutan, PES initiatives were started a decade ago in 2009 by WMD under the DoFPS. Today, schemes are established and successful in four dzongkhags: Paro, Tsirang, Chukha and Mongar and some of the schemes are effective since 2011. The main objective behind the PES scheme is to put the beneficiaries of ecosystem services in a direct contractual agreement with local communities that protect and conserve watersheds by adopting practices that ensure continuous supply of the services which, in the current context, is drinking water (PES Framework for Bhutan, 2015). A recent report on PES in Bhutan highlighted its benefits for securing watershed services and enhancing the communities' cash income. However, the report also indicated the need to provide further advocacy and sensitization to strengthen PES mechanisms in the country.

This project provides an opportunity to improve stakeholders' awareness and knowledge (at all levels, including best resource management practices, financial management and decision making) of the benefits of PES, scale up PES schemes in the potential sites within the project *dzongkhags* and strengthen communities' stewardship of watershed conservation. This will entail transformational change in proper management of natural resources by empowering communities to take charge. Further, experiences from the current sites listed above will ensure not only stewardship but also enhance flow regulation and quality improvement of water resources to the end users.

Paro and Tsirang dzongkhags currently have one PES scheme each, while there is none in Dagana dzongkhag. This project will explore one more PES scheme in the project landscape. The development of additional PES scheme will depend on feasibility and the cooperation of the stakeholders. Experience shows that awareness and education play a major role in the success of a PES scheme development. Therefore, awareness of PES will be conducted in other areas to educate communities on the benefits and management of PES.

Under this output, the following activities are foreseen for project implementation:

Activity 1.2.1: Conduct community consultations and sensitization (one per gewog) targeting equal proportion of men and women

Activity 1.2.2: Hands-on training workshops in the management of PES schemes (1 training) Activity 1.2.3: Conduct detailed resource assessment and inventory (1 site)

Activity 1.2.4: PES scheme development and implementation based on the feasibility analysis involving equal proportion of men and women

#### Output 1.3: Water sources' recharge interventions adopted

According to the State of the Environment Report of Bhutan (2016), drying water sources is a country-wide phenomenon. This issue was also recorded by WMD while carrying out watershed assessments and development of management plans. Subsequently, WMD carried out assessment and mapping of water sources tapped by Bhutanese people (Figure 5 and 6) in 2021 (WMD, 2021). The study found that the drying of water sources is widespread and has detrimentally affected both rural and urban populations, limiting water supply for domestic consumption and irrigation.

Page 14 of 108

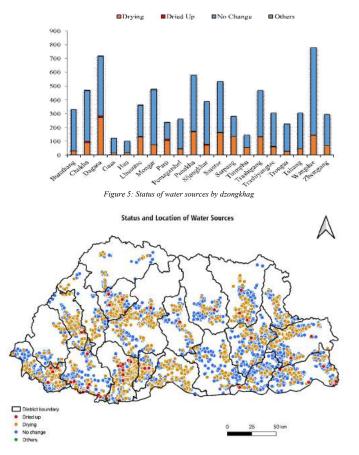


Figure 6: Map showing the location of various water sources and their status

However, at present, there is no integrated and cross-sectoral approach to combat drying water sources in the country. It is often done in unsystematic ways. For instance, some quarters have recommended fencing the water sources while others have recommended building water storage tanks and tapping from alternative sources. Thus, the interventions create complex unintended consequences, as there is lack of interdisciplinary approach to address the core problem.

To understand the issue better, WMD has initiated water source studies and revival activities in Lholing in Paro Dzongkhag using the spring-shed methodology through understanding of hydrogeology and climate impacts, and prescribing activities such as digging trenches, identifying protection areas, plantations, soil and land management activities and other bio-engineering activities.

WMD is in the process of upscaling this initiative. Building on the water source assessment and mapping study (WMD 2021), which has categorized water sources into different status (dried

Page 15 of 108

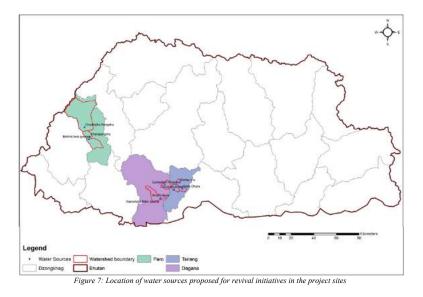
up, drying, no change), the following criteria were used to select water sources from each of the three project *dzongkhags* and implement water revival activities<sup>16</sup>:

- 1. Water source in drying status
- 2. Number of users
- 3. Watershed in degraded condition
- 4. Catchment areas for proposed project activities

Sl.No	Water source name	Gewog	Dzongkhag	Water source status	No of users (HH)
1	Amphi Khola	Tashiding	Dagana	Drying	224
2	Namchella main source	Tashiding	Dagana	Drying	248
3	Gurbachen kholsa	Tsangkha	Dagana	Drying	75
4	Chanajangchhu	Lamgong	Paro	Drying	1,000
5	Chidhiphu Rongchhu	Tsento	Paro	Drying	850
6	Behind Kila Gonpa chhu	Wangchang	Paro	Drying	390
7	Karki Dhara	Doonglagang	Tsirang	Drying	68
8	Chelaychhu	Phuentenchu	Tsirang	Drying	55
9	Tshokarna khola	Tsholingkhar	Tsirang	Drying	200

Table 2: List of selected water sources in the project sites proposed for revival initiative under component one <sup>17</sup>.

The above water sources, which are all drying, are from the nearby areas of the proposed project schemes. The revival of these sources is expected to improve the overall health of the watershed in providing water provision services that uplift the livelihood of the communities and adapt to adverse impacts of climate change.



<sup>&</sup>lt;sup>16</sup> As stated above, activities will be based on the lessons learned from the experience in Lholing (Paro) <sup>17</sup> Excerpt from water source assessment and mapping report, WMD, 2021

Page 16 of 108

The activities will be implemented by DoFPS in collaboration with LG entities and communities. DoFPS has field offices with staff trained to carry out water source revival activities in all gewogs and will carry out monitoring and maintenance of conservation/restoration activities. Where field staff have challenges, WMD will provide technical backstopping from the head office. presence in all the communities across Bhutan.

The proposed project will implement the following activities to achieve this output:

Activity 1.3.1: Training workshops on water source recharge interventions with field demonstrations (one per site) and awareness and sensitization (one per dzongkhag) Activity 1.3.2: Identification of recharge areas and designing water source revival activities following the spring shed management protocol. Activity 1.3.3: Implementation of water source revival activities. Activity 1.3.4: Monitoring and maintenance of conservation/restoration activities.

#### Output 1.4: Wetland monitoring system for informed decision-making established

The general type of wetlands in Bhutan includes lakes, rivers, springs, ponds, marshes, peat bogs and other predominantly waterlogged areas. Functional wetlands are critical segments of watersheds as they support a high level of biological productivity and diversity. Wetlands are recognized to provide fundamental ecosystem services, such as water regulation, filtering and purification. They are also recognized to have numerous scientific, cultural and recreational values. Thus, wetland ecosystems are important for the maintenance of the broader ecosystem health.

In the past, strong cultural and traditional ethos among the Bhutanese and lack of modern technology (heavy dredging equipment and other land conversion technologies) protected the wetlands. However, in recent times, the disappearance of significant areas of wetlands was recorded, especially in and around urban centres. The main drivers of change were fragmentation of large natural wetlands and impacts of climate change. Concurrently, there has been a significant rise in the number of complaints on the worsening quality and decrease in the quantity of drinking water.

WMD proposes to carry out inventory of wetlands in the selected three dzongkhags. The wetlands inventory will primarily provide tools for implementing the FNCRR 2017 by putting in place specific clearance mechanisms to stop the conversion of significant wetlands into other land use. The wetland inventory is also expected to provide the number and extent of wetlands requiring protection within the project site. The use of the inventory as a guide in forestry clearance processes will strengthen the protection and management of critical wetland ecosystems and help enhance the resilience of communities by protecting their water sources.

Wetland mapping activities will use remote sensing technology, which will validate the existing records and identify additional wetlands, if needed. Data will be collected from all project sites. The AF support will assist in establishing a reliable wetland monitoring system that will facilitate the development of plans and programmes to address the vulnerability issues and maintain wetlands ecosystem functions.

Activity 1.4.1: Conduct mapping of wetlands for the project dzongkhags using remote sensing, including training

Activity 1.4.2: Field data collection and mapping (all project dzongkhags)

Page 17 of 108

Activity 1.4.3: Field exercise for Data Quality Assurance and Quality Control Activity 1.4.4: Data compilation and analysis, feeding decision-making mechanisms

# Component 2: Climate resilient water infrastructure for uninterrupted supply of water for drinking and irrigation

#### Drinking water

Bhutan has high per capita availability of water. At the basin level, the total outflow of the rivers is estimated at 109,000 m<sup>3</sup>/capita/year (National Integrated Water Resources Management Plan, 2016, NECS). Abundant water is largely available in the form of major rivers and tributaries flowing in the low-lying river valleys and deep gorges. However, most communities are located on mountain slopes and depend on small streams, springs and lakes for drinking water some of which are already drying. Paro and Tsirang dzongkhags are identified for this adaptation proposal wherein an integrated approach aims to address water-related issues at the source, infrastructure, quality and management levels. This approach will take into consideration economic, social and ecological components along with risk factors, such as climate change and increasing population.

Dzongkhag <sup>18</sup>	Total Households (HHs)	Total HHs with continuous flow (24*7) of water	Total HHs without continuous flow (24*7) of water	Coverage in terms of 24*7 water supply (%)
Paro	8,969	5,160	3,809	57.5
Tsirang	5,074	3,812	1,262	75.1
Total	14,043	8,972	5,071	66.3

Table 3: Current water supply scenario in targeted rural areas

In the context of Bhutan, access to 24x7 water supply is considered as having adequate water for 24 hours from a tap, which may also be by means of storage facilities.

The common challenge faced by the dzongkhags is lack of safe drinking water supply due to non-existence or poor functionality of water treatment plants as well as inadequate water supply systems, and instances of drying up of water sources. Some towns and extended areas under municipalities are still connected to RWSS, thus supplied with untreated and unmetered water.

In rural areas, transferring the ownership of schemes to the beneficiaries and maintaining themhave been a major challenge for RWSS. Differing interpretations of policies and strategies have led to conflicting, differing and rapidly changing priorities and practices in the sector. Many beneficiaries still consider the ownership and responsibility for major maintenance and rehabilitation of rural water supplies as the responsibility of the dzongkhag or RGoB. Many implementation procedures have actually contributed to a lack of beneficiary commitment to self-management and maintenance of their own schemes. There was no proper roles and responsibilities identified and trainings were not conducted in the formation of WUAs. Over the years, the trainings on the formation of groups are being initiated and this component would further enhance the practice of group formation with clear set of rules and responsibilities.

The project will support the formation of WUAs, build their capacities and support in the formulation of by-laws. For financial sustainability, cost for all minor O&M activities will be

18 Bhutan Living Standard Survey 2017, RGoB

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Page 18 of 108

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borne by the concerned WUAs after the project assets are completed and handed over to the WUAs. Major maintenance which are beyond the capacity of WUAs would be borne by the LGs. Relevant agencies will continue to provide technical backstopping to WUAs.

Other activities to address water access issues include rehabilitation or reinforcing of existing water transmission/distribution lines to ensure that they are climate-resilient and durable. New water supply infrastructure identified for this project will be built with adequately resilient materials to ensure long-time benefits.

#### Irrigation Water

Irrigation system is mostly dependent on monsoon-fed springs and streams. Slight delays or changes in the rainfall pattern directly impacts availability of timely irrigation water. Given the seasonality of streams and spring waters and extreme weather events, a major focus in building climate resilient irrigation structures and improvements in water management practices remains crucial.

Most irrigation schemes in Bhutan constitute of earthen canals with low efficiency due to blockages, water loss through seepage and frequent damage by landslides. These systems are highly susceptible to adverse impacts of climate change contributing to low agriculture yield from the limited agriculture land. Only 18% of the agriculture land is irrigated. Further, scarcity of irrigation water creates conflicts over water sharing. Therefore, the project seeks to install climate resilient infrastructure for drinking and irrigation water supplies to enhance food and water security in the project sites.

The irrigation component under the project will focus in Dagana Dzongkhag. This dzongkhag was specifically selected given its vulnerability to climate change and as per the government priority. As per the National Irrigation Master Plan, 40 irrigation schemes have been prioritized for irrigation modernization in Dagana. Most of these irrigation schemes are partially damaged because they were constructed in the early 1990s without much assistance for maintenance.

However, for the support under the adaptation fund, these irrigation schemes were further prioritized in consultation with the dzongkhag, considering the multi-Criteria Analysis.

Dzongkhag	No. of irrigation schemes	Present gross area (ac)	Likely extension area (ac)			
Dagana	40	4,227	2,253			
Table 4: The prioritized irrigation system for modernization as per NIMP						

Table 4: The prioritized irrigation system for modernization as per NIMP.

The proposed project will build upon the experience and benefits of climate-resilient technologies and practices demonstrated and key lessons learned from past irrigation support projects.

#### Output 2.1: Climate- and disaster-resilient drinking water infrastructure established

The project will support construction of new climate resilient RWSS in three locations specified below. The activities foreseen for project implementation to achieve the output are as follows:

Activity 2.1.1: Construction of three Drinking Water Supply Schemes:

Major portions of the infrastructure include the construction of RWSSs which consist of constructing climate-resilient 1) intake structures and collection tank, 2) water transmission mains, 3) water distribution network, and 4) water reservoir.

The three drinking water supply schemes includes:

- 1. Balakha Source to Tsentog, Lamgong, Lungyni and Wangchang gewogs 42 km
- 2. Drakay Pangtsho source to Dopshari, Doteng and Shaba gewogs- 36 km
- 3. Phuentenchu, Semjong and Tsirangtoe gewogs 28 km

After the completion of the project, it is projected to benefit 3,168 households with a population of over 30,362. To align with the BDWQS 2016, the health sector will carry out periodic water quality testing.

To ensure sustainability of the schemes, formation of WUAs is proposed as part of the project which will be institutionalized and the operation and maintenance aspects of the scheme after project finalization will be integrated into local government plans. Vulnerable and marginalized groups or households may not be able to contribute actively or participate in the project such as in consultations, community labour contribution and other forms of participation and may not be included as project beneficiaries if the project considers communities to provide unskilled labour for project activities. Therefore, the project implementation will not require community contributions in the form of cash or labour during the project implementation. The O&M of water infrastructure developed by the project will be handled by WUAs which will include contributions from member households for minor maintenance. To ensure that the vulnerable members of the communities are not excluded from availing themselves of benefits, the articles of association of the WUAs will include clauses on community exemptions for such contributions from the vulnerable and marginalized groups. The articles of association of the WUAs will be developed during the project implementation with support from the PMU and dzongkhags concerned and will further stress on providing equal access to all members of the communities.

# Activity 2.1.2: Professional development of engineers in Climate-resilient water supply infrastructure

The concept of climate change remains new when it comes to building climate-resilient water supply infrastructure in Bhutan. Most of the existing water supply works (especially rural schemes) follow conventional processes. Therefore, it is of utmost importance that the engineers executing these projects are educated in the concept of climate-resilient structures. The project will support the capacity of water infrastructure engineers, particularly in the concept of adaptation to climate change, through the complete water access cycle (water source, transmission, treatment and distribution). It is foreseen that a minimum of two sessions for project dzongkhag engineers, technicians and central agencies engineers will be organized with 50% women participants.

#### Output 2.2: Climate- and disaster-resilient irrigation infrastructure established

The proposed activities under this output include:

# Activity 2.2.1: Construction of pressurized/closed irrigation systems (gravity) - Establishment of climate-resilient irrigation scheme at Lajab

The project will support the construction of a new irrigation scheme to achieve greater climate resilience and support farmers experiencing critical water scarcity, covering a total area of 66

Page 20 of 108

Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt acres. Given that the reliance on rain-fed practices is of limited use in the face of increasing rainfall variations, the schemes will be aligned to reliable water sources. The project will also focus on integration of both drinking and irrigation water wherever possible so that participation and ownership by beneficiaries are focused through the formation of WUAs with appropriate technological and institutional inputs. Combining both drinking and irrigation water will reduce or eliminate conflicts over water tapping rights and will reduce labour, maintenance and investment costs.

Activity 2.2.2: Re-engineering/rehabilitation or improvement of two existing irrigation systems To enhance and ensure water security for every household, the adaptation funds will climate proof or strengthen the resilience of two existing open earthen canal irrigation schemes against extreme events, covering 884 acres. With the planned improvement of the existing irrigation systems, much of the infrastructure that is of temporary nature will be replaced by more robust, flexible and climate-resilient structures. Environmental impacts caused by overflow from open canal systems will be avoided and leakages from pipes will be reduced with the improvement of the systems through appropriate technology.

The re-engineering/rehabilitation of existing irrigation systems includes:

- 1. Climate proofing of existing Budichu-Peteykha irrigation scheme
  - a. Budichu-Peteykha-Intake redesign and climate proofing of the scheme 4.5 kmb. Climate proofing of distribution lines from Zinchila-Roungchhu 2.2 km
- 2. Establishment of climate- and disaster-resilient pressurized irrigation system for Ambithang, Drujeygang, Dagana 12 km

#### Activity 2.2.3: Scale up micro-irrigation system (drip & sprinkler)

The project will also focus on dry land irrigation with appropriate technological and institutional inputs. Sprinklers and drip irrigation allow efficient use of water and represent an adaptation strategy against scarcity of water. Small perennial streams will be tapped and water will be conveyed by gravity through pipes to provide irrigation through more efficient systems. Accordingly, adaptation resources will be used to upscale high efficiency irrigation or water saving technologies such as sprinkler irrigation and drip irrigation for high value crops such as vegetables and horticulture crops. This activity will support the installation of two drip irrigation and four sprinkler irrigation systems covering a total area of 100 acres.

#### Activity 2.2.4: Tailwater Management

Irrigation from tailwater management has not been given sufficient importance in Bhutan. However, due to increasing extreme events, tailwater management is becoming more popular as it helps prevent downstream negative environmental impacts. Accordingly, the project will implement tailwater management in two schemes on a pilot basis, thereby properly providing irrigation through natural channels.

#### Output 2.3: Innovative technologies for tapping water adopted.

The proposed activities under irrigation for this output include:

## Activity 2.3.1: Build water harvesting structures or small-scale reservoirs to tap water for irrigation

Bhutan has a unimodal annual rainfall pattern, which is heavily influenced by the South-West Monsoon with rainfalls mainly during the June-September period. For the remaining months of the year, there is little or no natural precipitation to grow a second crop. One of the options to

Page 21 of 108

irrigate and grow crops during winter or drought period could be to collect and store surface runoff during the monsoon period and/or store water from the nearby springs and brooks. This will entail construction of farm ponds at the individual household level and relatively larger ones (reservoirs) in feasible areas for local communities.

This project will build small earthen check dams and ponds as small-scale reservoirs for irrigation water supply during dry periods. Water storage in Bhutan is clearly a necessity to meet growing water needs of urban areas as well as to supply irrigation water for agriculture (which is mostly rain-fed at present). These needs are particularly evident in areas where water is plenty during monsoon but become completely dry during winter although the land is fertile. Low water levels in rivers during the dry season already pose difficulties for different users. This is expected to worsen with climate change. Water storage will help sustain the use of limited water during the dry season, thereby increasing the area irrigated during the dry season. The strategy is to build water storage to increase year-round reliability of water. Therefore, this activity will support the construction of small-scale earthen check dams and farm ponds in Tsangkha Chewog under Tsangkha Gewog and Thasa B under Laja Gewog in -Dagana.

## Output 2.4: User groups in the community strengthened for effective management of irrigation and drinking water

As per the Water Act of Bhutan 2011, any group of beneficiaries using a particular water source for their water supply needs may form a WUA to maintain the water source and to manage water supply services.

The DoA has already developed policy guidelines for the formation of community groups and their involvement in carrying out minor maintenance of farm roads and irrigation channels. In addition, need-based capacity building of all relevant stakeholders will be undertaken for effective implementation. Also, user groups in the communities will be formed to strengthen local ownership.

The promotion of community groups along with strengthening of their capacities is expected to attract educated youth and school dropouts to take up the roles of leading and managing these community groups.

Activities proposed under this output will cover three WUAs for drinking water supply schemes and three WUAs for irrigation schemes and include:

# Activity 2.4.1: Form and strengthen formal (registered) WUAs and groups in the communities at scheme level to promote local ownership and sustainability of schemes WUA formation for drinking water supply

Under the Water Act of 2011, WUAs are mandated as the managers of drinking water schemes. In line with this policy of RGoB, water users will have to take charge of the operation and maintenance of their scheme including institutional members. The main objective for the formation of the WUAs are:

- 1. Operate and maintain drinking water schemes to ensure that every household within the association has equitable and fair access to water supply and that no person is arbitrarily denied basic daily water needs.
- 2. Rehabilitate and improve the drinking water scheme
- 3. Train WUA members constituting of 30% women on the operation and maintenance of the schemes.

Page 22 of 108

#### WUA formation for irrigation scheme

The National Irrigation Policy states that each WUA should have a constitution with bylaws. The constitution describes the organization of water users and bylaws specify the rules for proper use and maintenance of the irrigation system. The WUA constitution and bylaws aim to ensure that a particular irrigation system is operated, used, maintained and continues to benefit all water users over a long period. WUA constitution and bylaws particularly emphasize the following:

- 1. Proper operation of the irrigation system
- 2. Fair distribution of water
- 3. Timely and proper maintenance of the irrigation system

The main purpose of having the WUA constitution and bylaws is to have rules and regulations to deal with any dispute between water users. WUA constitution and bylaws will have a record of all the existing rules for the organization and management of the irrigation system and, where necessary, new rules are developed and clearly written down after thorough discussion and accepted by all the WUA members.

The training and formation of WUA focuses on framing the practical, workable and inclusive constitution and bylaws. The trainers assist the WUAs to establish their own constitution and bylaws which are aimed at improving the organization and management of their irrigation system. Almost all the community managed irrigation systems have their informal and traditional groups with existing rules for organization, operation and maintenance. Every irrigation system receiving the support of the government will have WUA being formed through training and an improved version of the existing rules accepted by all the WUA members and signed by WUA committee members (30% women) for reference. Understanding and following the rules by all the users will lead to sustainable use of irrigation system.

Moreover, the beneficiaries of each irrigation scheme will receive Scheme Management Training toward the end of the construction period mainly to prepare the water users for operation and maintenance (O&M). It is essential that water users are fully aware of the O&M requirements. Users are briefed on the O&M requirements and to specially focus on areas requiring periodic attention. Along with the training on formation of WUA and scheme management, the WUA members are acquainted with the knowledge of banking and bookkeeping and the importance of monitoring and reporting about the conditions of the renovated/constructed irrigation system.

In Bhutan, women play an important role in both irrigated and non-irrigated agriculture and a larger number of women than men are involved in un-assured irrigation water for agricultural food production in the developing countries. The involvement of women in the meetings and training related to irrigation and agriculture means promotion of knowledge in water administration which is indispensable. Moreover, the committee members in WUA are dominated by women since more women participate in the meetings. In the process, more women are educated and well-versed with the rules and regulations pertaining to operation and maintenance of the provided irrigation systems, thereby empowering the women in the decision-making process.

This activity will, therefore, provide targeted training and support required for six WUAs to undertake these duties. This will entail training in water management and maintenance of the systems, and will also address the institutional issues of registration, elections, managing contracts, banking, and auditing and use of tools and technologies and efficient use of water.

Page 23 of 108

#### Component 3: Climate-smart agriculture through sustainable land management and informed agro-meteorological services

In Bhutan, only 7.8% of the total land area is arable and 2.93% is cultivated<sup>19</sup>. About 31% of agriculture land is situated on slopes more than 50%20. Farming is often carried out without any sustainable agriculture practice, leading to annual soil loss of 3-21 t per hectare<sup>21</sup>. The loss of topsoil poses a serious threat to food security as it significantly reduces the inherent soil fertility, soil organic matter and water retention capacity, resulting in poor land productivity and crop yield. Furthermore, as agriculture is predominantly rain-fed and dependent on monsoon rains, agriculture in Bhutan is highly sensitive and vulnerable to the impacts of climate change and climate variability<sup>22</sup>. The IPCC<sup>23</sup> also warns that mountainous regions such as Bhutan will experience a crop yield decrease due to increase in water stress (either too much or too little) and land degradation.

The impacts of climate change on land and crop productivity are projected to continue in the future with changing temperature and precipitation patterns (refer Project Background and Context, pages 4-5). To address the impacts of climate change, the NAPA (2011) and the RNR Sector Adaptation Plan of Action (SAPA) 2016 have undertaken sector vulnerability assessments and identified the following key adaptation measures, among others:

- (i) Scale up SLM for soil and water conservation;
- (ii) Improve weather and seasonal forecasting for farmers (agro-meteorology)

Accordingly, the promotion of SLM technology was taken up as one of the options that fits well for the Bhutanese farming environment and thus proven very successful in reducing land degradation caused by anthropogenic activities. The implementation of SLM interventions, especially the contour grass hedgerows on sloppy agriculture land were found to reduce soil erosion by 50%<sup>24</sup> compared to traditional farming practices. Furthermore, Bhutan being party to the United Nations Convention to Combat Desertification has committed to working towards Land Degradation Neutrality by 2030 by setting LDN voluntary target of restoring and improving 61.17 sq. km (6,117 Ha) of vulnerable and degraded areas, of which about 35 sq. km (3,500 Ha) is to be brought under SLM interventions.

The National Soil Services Centre (NSSC), as the focal agency for SLM under the DoA, has implemented several SLM projects through funding support from various donors (GEF through the World Bank, UNDP-SGP, BTFEC and RGoB). These projects have successfully piloted and scaled up climate-smart agriculture with special focus on SLM measures. The benefits and the importance of SLM technologies have been demonstrated, key lessons learned and best practices are well documented and widely shared. These proven SLM technologies and best practices are now being scaled up in other areas through funding support of the on-going projects-GEF-LDCF, GCF, IFAD funded CARLEP (Commercial Agriculture & Resilient Livelihood Enhancement

Page 24 of 108

<sup>&</sup>lt;sup>19</sup> Land Cover Mapping Project (LCMP), 2011, National Soil Services Centre, DoA, MoAF

<sup>&</sup>lt;sup>20</sup> National Action Program to Combat Land Degradation in Bhutan (NAP), 2014, National Soil Services Centre, DoA, MoAF <sup>21</sup> Soil Erosion Report, 2010, National Soil Services Centre, DoA, MoAF

<sup>&</sup>lt;sup>22</sup> National Adaptation Plan of Action (NAPA), 2011, National Environment Commission (NEC), RGoB

 <sup>&</sup>lt;sup>23</sup> Intergovernmental Panel on Climate Change (IPCC), 2007
 <sup>24</sup> Soil Erosion Report 2010, National Soil Services Centre, DoA, MoAF

Program) and World Bank funded FSAPP (Food Security & Agriculture Productivity Project) covering different project sites.

Between 2005 and 2020, a total of 20,633 acres of vulnerable and degraded land was restored through various SLM interventions. For the proposed project sites – Dagana Paro, and Tsirang dzongkhags – the total land area brought under SLM are 275 acres, 104 acres, and 170 acres respectively. In other words, there is a strong need to scale up SLM interventions to make land and farmers' livelihoods more resilient to climate change.

Similarly, increasing climate variability and continuing climate change results in productivity losses in agriculture. Insect, pest and crop diseases are often associated with changes in weather patterns, causing crop yield losses in addition to the damage caused by extreme weather events. Crucial adaptation measures to avert these losses mainly involve the generation of weather and climate information. Weather and climate information help farmers to make pivotal farm decisions.

The agro-meteorology programme was established under the DoA in 2019 to use climate information in a way that responds to user needs and assists decision-making to reduce the impacts of climate-related hazards and increase benefits from favourable climatic conditions. Expansion and operationalization of the ADSS is crucial for strengthening agro-met services in Bhutan as it would provide real-time monitoring, data analysis and comprehensive analytical tools and statistical information. The agro-meteorology programme will also issue farm advisories and early warnings against climate-related disasters based on the weather forecast of different lead time issued by the NCHM. Dissemination of such real-time warnings through different channels can become a key factor to enhance food and nutrition security.

Therefore, this project component will focus its investment on SLM and agro-meteorology services to avoid risks affecting livelihoods and food security in the project areas and enhance resilience. In particular, Component 3 will focus on the downstream section of the watershed, while Component 1 and 2 will focus on upstream, i.e., the watershed management and water conveyance system.

#### Output 3.1: SLM in vulnerable and degraded areas implemented

To enhance land productivity and make agriculture landscape more resilient to climate change, this project output will seek to scale up existing SLM technologies that have been proven successful and effective in reducing land degradation, especially soil erosion and landslides caused by rainfall variation. This will promote two main types of SLM measures – structural measures (bench terracing, stone bunding & check dams) and vegetative measures (contour hedgerows & bamboo plantation) which will be carried out based on the ALDG2021.

The primary activities proposed under this output are:

- Activity 3.1.1: Participatory SLM Action Planning and sensitization to validate key SLM interventions\_ensuring 60% of participants comprise of women-
- Activity 3.1.2: Implementation of SLM measures (terracing, stone bunding, contour hedgerows).
- Activity 3.1.3: Technical assistance and support to communities on the implementation of SLM practices in the field.
- Activity 3.1.4: Field-based and specialized training to farmers and agriculture extension staff on SLM technologies ensuring 60% of participants comprise of women.

Page 25 of 108

Activity 3.1.5: Monitoring and evaluation of SLM intervention.

Activity 3.1.6: Documentation, Knowledge Management (KM) and experience sharing platforms.

## Output 3.2: Climate change information, products and services made available and accessible

This output will support operationalization of agro-meteorology services in the project areas for better climate-informed digital advisory services. The climate services will be provided appropriately to 13 gewogs where other components are implemented so that activities of this project are packaged end to end. The project will mainly support the up-scaling and operationalization of the ADSS and generation of climate products.

The ADSS (www.agromet.gov.bt) was launched by the DoA on 16 March 2021. A MoU is in place between DoA and Regional Integrated Multi-Hazard Early Warning System for Asia and Africa (RIMES) to enhance the institutional and technical capacity of officials of the DoA, particularly Agriculture Research and Extension Division (ARED) and Agro-met focals based in Agriculture Research and Development Centres, Central Programmes (National Soil Services Centre & National Plant Protection Centre) and extension officials. The capacity need is mainly to understand and provide improved agrometeorological advisory and early warning services to ensure preparedness against extremes weather causing damage to various agricultural systems in Bhutan.

The ADSS planned to scale up the web portal in the remaining dzongkhags. The system needs to be upgraded and improved based on first-hand experience. Currently, weather forecast at the dzongkhag level is integrated in the ADSS and will require the integration of gewog level weather forecast and incorporation of the cropping calendar in the system. The panel should also incorporate pest and disease forecasting and drought monitoring.

This output will also directly address disaster risk reduction (DRR) issues. Agriculture in Bhutan is vulnerable to climate-induced disasters. Rural communities are often affected by floods, drought, windstorm, as well as incidences of insect pests and diseases. Less than half of the rural households is irrigated, so the farming system is still dominated by dry-land farming. Localized drought is becoming increasingly apparent and significant. Late onset of monsoon induces drought and affects most of the farming communities, especially those focusing on rice and vegetable farming. The country, on the other hand, has recorded incidences of climate-induced insect pests. In 1996, rice farmers in high altitude areas lost 80% to 90% of the crop production to rice blast disease. *Turcicum* leaf blight of maize in 2007 damaged more than 50% of the harvest. The outbreak of fall armyworms affected 16 of the 20 districts in 2013. In 2008, a severe windstorm destroyed all maize crops of hundreds of households.

DRR includes observing, detecting, monitoring, predicting and issuing early warning of a wide range of weather, climate and water related hazards. Climate-related risk or climate-induced risks (drought, flood, windstorm, insect pest and diseases) need to be mainstreamed into Bhutanese agriculture planning and decision-making processes to avert crop losses caused by extreme weather events. The Disaster Risk Management Strategy of Bhutan 2013 highlights a pressing need for integration of DRR and CCA efforts and to have environmental and natural resource management approaches as part of DRR strategies.

Page 26 of 108

The activities under the project will mainly entail providing technical advice in major agriculture commodities in the project sites. Agro-met services will focus on the main crops of the dzongkhags, as follows:

1. Paro	2. Dagana	3. Tsirang
Rice	• Rice	• Rice
Apple	• Chilli	Chilli
<ul> <li>Cabbage</li> </ul>	Citrus	Citrus
Potato		

Planned activities under this output include:

- Activity 3.2.1: Agro-met advisory bulletins appropriately packaged and disseminated timely through appropriate channels.
- Activity 3.2.2: Incorporation of area-specific weather and crop data in ADSS.
- Activity 3.2.3: Professional Development of agro-met focal points based in ARDCs and Central Programmes.
- Activity 3.2.4: Knowledge management and communication activities.
- Activity 3.2.5: Sensitization, awareness and capacity development on agro-met services for researchers, extension staff and farmers targeting at least 50% women.
- Activity 3.2.6: Development of crop suitability and feasibility maps (eight maps).

# Component 4: Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots

An integral aspect of advancing good governance in Bhutan has been the gradual process of democratic governance and decentralization, the beginning of which dates back to the establishment of the Tshogdu or National Assembly in 1953, followed by the Lodey Tshogde (Royal Advisory Council) in 1965, the High Court in 1967 and the Lhengye Zhungtshog (Cabinet) in 1972. Later, the process of decentralization was enhanced to encompass local governance with the formation of Dzongkhag Yargay Tshogde (DYT) or District Development Committee in 1981 and Gewog Yargay Tshogdu (GYT) or Block Development Committee in 1991, which resulted in the delegation of administrative and financial powers to the dzongkhag and gewog levels respectively.

In keeping with the Constitution, the Local Government Act of Bhutan 2009 provides for direct participation of the people in the development and management of their own social, economic and environmental well-being through decentralization and devolution of power and authority. The Act stipulates that LGs be established in each of the 20 dzongkhags comprising: (a) Dzongkhag Tshogdu; (b) Gewog Tshogde, and (c) Thromde Tshogde. They are mandated to serve as the highest decision-making body respectively at the dzongkhag, gewog and thromde level, and are to be supported by dzongkhag, gewog and thromde administrations staffed by civil servants. It provides LGs a set of administrative, regulatory, service delivery, and financial powers and functions for governance at the local level.

Component 4 aims to increase the overall sustainability and coherence of the project by ensuring the involvement of most relevant governance institutions for climate resilience at the local level. It will also ensure that the right adaptation activities are identified, prioritized and implemented with the communities, with primary focus on development and management of water resources and rural water infrastructure, specifically drinking water and agricultural irrigation schemes.

Page 27 of 108

This component will specifically develop the capacity of LGs to integrate climate change adaptation in local development investments, institute mechanisms for mainstreaming climate change along with other cross-cutting issues, namely gender, environment, disaster and poverty, in local development plans, programmes and activities; institute mechanisms in LGs for CCA and gender mainstreaming; and strengthening LGs and user groups in the communities for effective management of irrigation and drinking water.

# Output 4.1: Institutional mechanisms in LGs strengthened for CCA and gender mainstreaming

Strengthening LG institutions has been a key programme of the RGoB since the commencement of the decentralization process in 1981. In the new democratic system, the LG institutions have an increasingly important role as frontline agencies for sustainable development, facilitating direct participation of the local communities in the development and management of their own social, economic and environmental wellbeing. A robust system of local governance is also critical for the government's sustainable development policies and programmes to produce direct social, economic and environmental benefits for the local communities, especially the poor and vulnerable groups, and have a far-reaching impact.

This output will focus on strengthening the institutional mechanisms at the local level for mainstreaming climate change adaptation and gender needs in local development plans, programmes and activities, especially those concerning RWSS, agricultural irrigation systems and sustainable land management. Through the project, the gewog-level mainstreaming mechanism for CCA and gender will be strengthened. LGs and communities will be sensitized and capacitated on mainstreaming CCA tools, frameworks and approaches, and M&E of CCA and gender mainstreaming in local development plans, programmes and activities related to drinking water, irrigation and sustainable land management, among others.

The following activities are proposed to achieve this output:

- Activity 4.1.1: Conduct professional development programme for LGs on CCA investments, mainstreaming tools, frameworks and approaches related to irrigation, water management, SLM, CCA and gender.
- Activity 4.1.2: Carry out M&E of CCA and gender mainstreaming in LG plans, programmes and activities targeting 50% women participants.

It is foreseen to implement a minimum of four sessions (training or workshops) per year, i.e., a minimum of 12 sessions covering all project areas targeting 50% women participants.

B. Describe how the project provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project/programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.

Bhutan is particularly vulnerable to climate change due to its geographic location and fragile mountainous terrain that invariably affect climate variability, including the frequency and intensity of rainfall, and changes in temperatures. According to the IPCC, climate change projections to 2,100 for Bhutan will lead to increases in average temperatures with relatively warmer weather at higher altitudes and during the dry season, increase in annual average

Page 28 of 108

precipitation, and continued spatial variation in temperatures and precipitation due to complex topography.

Expected impacts of climate change will place additional stress on ecosystem-based livelihoods and on already vulnerable groups. As such, the project will focus on local level adaptation, increasing potential benefits for exposed or sensitive groups, and act as a force for change towards the foreseen improvements at different levels.

#### **Environmental benefits**

- The project is based on the recognition that resilient healthy ecosystems are the basis for sustainable natural and human systems.
- The design and implementation of integrated watershed management plans will improve habitat quality and increase biological diversity mainly because of protection of the watersheds. In the long run, protection of watersheds will reduce the incidences of drying of water sources because of extreme climate events like droughts.
- The establishment of PES schemes will increase collaboration between upstream and downstream communities, opening dialogue leading to a stronger ownership and stewardship of the natural environment.
- The formalization of WUAs will improve efficient utilization and management of water resources both at the source and for downstream users. WUAs will be enabled to perform systematic monitoring of the status of water availability, leading to better decision-making towards the effective recharge of catchment areas.
- Improved irrigation systems are expected to minimize negative environmental effects such as landslides often due to poor maintenance of open irrigation canals.
- Further, proposed technologies, including hydro-pressure pipes, will reduce water losses due to uncontrolled spill overs and evapotranspiration.
- SLM and climate-smart agriculture will reduce topsoil erosion and combat land degradation, which should enhance soil fertility and soil microbial biodiversity. In addition, SLM is also recorded to increase biodiversity in and around the cultivated lands.
- User-friendly climate information, products and services will improve planning and prevent environmental disasters. For instance, work on steep slopes for any developmental activities could be halted based on objective information related to climate change and impacts on specific locations and watersheds.
- User-friendly climate information for the farmers will also increase crop productivity, which will consequently reduce demand for collection for non-wood forest products (NWFPs), thereby reducing disturbance to natural habitats.
- Improved adaptation planning at LG level will improve the holistic vision of communities, on how they can build climate resilience by managing their surrounding natural resources.
- LG involvement will also strengthen the institutional channels to implement a coherent approach for the management of water all the way from source to end-users.

#### **Economic benefits**

- PES schemes are expected to provide additional income for upstream communities responsible for watershed management.
- Users will directly benefit as continuous supply of water reduces the economic burden of seeking alternatives in case of erratic water supply. In the long run, it will also reduce vulnerability of the users from the risk of water sources drying up.

- Increased incomes, through PES schemes, collection of NWFPs and increase in agriculture productivity will have a significant impact on the reduction of poverty in vulnerable rural communities across Bhutan.
- In addition, more stable income will also improve the capacity of vulnerable groups to take advantage of any positive impacts of warmer climate in their locality.
- In a few years, habitat enrichment within managed watersheds can increase biological diversity translating into increase in provisioning ecosystem services, such as: increased availability of NWFPs like cane, bamboo, mushroom, fiddlehead ferns and many others which are commonly harvested to supplement household income.
- The project will strengthen climate resilience of irrigation infrastructure, reduce loss and damage costs related to climate change induced extreme events, thereby releasing some pressure to public resources from continuously increasing recovery costs.
- The improvement of the irrigation schemes will increase agricultural productivity (including paddy yield) allowing double cropping of rice and vegetables.
- Climate-resilient irrigation will provide a flexible and more reliable water supply and promote diversification to higher value crops.
- Water harvesting will largely use natural material proving its cost effectiveness.
- The installation of climate-resilient irrigation water, SLM and climate-smart agricultural practices will increase crop productivity. By using proven technologies for terracing slopes of more than 25 degrees, sites will serve demonstration purposes for replication by other farmers. These are among the proposed solutions for Bhutan to increase arable land, which is currently only less than 3% of total land area.
- Watershed management also intends to decrease downstream sediment load, which can decrease Bhutan's hydropower dams' efficiency and limit energy generation, which is one of the country's major exports.
- Women empowerment in water governance and management which will lead to better and gender-sensitive decisions for management and protection of community and household assets, including those of vulnerable communities (participation of women is expected to increase from the current 11% to 30% through this project – Gender Action Plan, Annex 1.

#### Social benefits

- Women are affected by their greater vulnerability to climate risks, linked to their greater dependence on natural resources. The proposed climate resilience interventions for agriculture and natural resources proposes various social protection measures for high priority groups, including women and children.
- The proposed integrated water resources management, both for drinking and irrigation, is expected to increase water availability and dialogue among communities, reducing the number of disputes over water in the long run. There are numerous cases in Bhutan where irrigation and drinking water disputes between communities were resolved only in a court of law. These solutions only partially contribute to social wellbeing.
- Formalization of WUAs will lead to equitable sharing of water resources among the community members and notably at the grassroots and make significant contributions to enabling inclusive decisions related to water governance and management.
- Active participation by the community members during watershed management, PES schemes and implementation of SLM are also expected to improve social capital of the community, for instance, through revitalization of traditional labour sharing during SLM implementation.

- The project will also assess current policies and work towards creating more inclusive and enabling policy environment for enhancing coordination and collaboration among stakeholders, including a stronger participation of the underrepresented groups.
- Inclusive participation in adaptation planning will also shed light on the needs of marginalized groups of people, including women, children, and the elderly.
- As such, the local climate resilience interventions planned at the LG level will promote the protection of economic and social rights through vulnerability reduction and support for disaster risk reduction.
- Communities are aware of households vulnerable and marginalized. Such groups will be identified in consultation with representatives of each beneficiary community during the first six months of the project implementation. This will include households in isolated settlements; communities without motorable access road; households with only elderly members or without labour force; households with very few members; households with no resident members; women and divorcee headed households. These vulnerable groups may not have the means to actively participate in the project such as for community labour contribution and other forms of contributions. In line with the Water Act 2011 that ensures accessibility rights to all, the project will continue to ensure that the vulnerable and marginalized groups are not excluded. For this, the project implementation will not require community contributions in the form of cash or labour during the project implementation. The O&M of water infrastructure developed by the project will be handled by WUAs which will include contributions from member households for minor maintenance. To ensure that the vulnerable members of the communities are not excluded from availing themselves of benefits, the articles of association of the WUAs will include clauses on community exemptions for such contributions from the vulnerable and marginalized groups. The articles of association of the WUAs will be developed during the project implementation with support from the PMU and dzongkhags concerned and will further stress on providing equal access to all members of the communities.

### Avoidance/mitigation of potential negative impacts

The BTFEC is mandated to promote environmentally sound and sustainable development in all its programmes. As such, the screening of projects for the identification of potential negative impacts is part of its internal processes and described in the following sections on Risk and on Monitoring and Evaluation.

Due to the nature of the intervention, which is specifically based on the improvement of the environment and focusing on societal benefits, and to the mandatory compliance with national regulations and standards (see section E), no negative impacts are expected. These standards are reflected in the environmental and social clearances from competent authorities at various levels (See ESMP for the clearances).

Specific studies will be conducted, in each component, to better understand the potential effects of the proposed activities, with special emphasis on environmental and social risks. Identified risks, even small, can then be associated to a mitigation proposal. This is important especially in a fragile environment with competing uses on natural resources.

A gender assessment has been carried out and Gender Action Plan has been developed (Annex 1) which will ensure that risks related to gender are managed and enable project decisions to be gender-inclusive. A minimum of 30% of women participation will be ensured in project related consultations, meetings and training.

Page 31 of 108

A project level ESMP has been developed based on risks and impacts identified by the project stakeholders (Annex 2). Implementation of the ESMP will ensure the social and environmental impacts of the project are mitigated or minimized and there will be no negative environmental or social impact from the project activities.

During the first six months of project implementation, the GAP and ESMP will be revised by the Environmental Social and Gender (ESG) Expert as, by then, the designs of project activities, particularly of the drinking water and irrigation schemes would be in place and activity-specific details would emerge.

### C. Describe or provide an analysis of the cost-effectiveness of the proposed project.

The proposed scope and approach were selected as they address the particular adaptation challenges that Bhutan is facing. The alternative "business as usual" scenario would be outclassed by the following points.

In the Bhutanese context, with natural resources being put at the centre of the society and of the economy, Ecosystem-based Adaptation (EbA) is the most sustainable and cost-effective way of enhancing resilience and reducing vulnerability to impacts of climate change. Not only ecosystem-based adaptation to give the basis for human systems to thrive, notably due to vigorous provisioning services, it is also expected to enhance resource management. In the case of water, sound EbA backed by an integrated watershed management approach will eventually reduce cost of water treatment processes at user ends.

Review of PES schemes in Bhutan (WMD 2019) indicate that PES schemes have:

- a. strengthened community ownership over management and governance of water source catchments.
- created awareness and willingness among ecosystem beneficiaries to pay for upstream watershed management.
- c. Reduced burden on government exchequer to pay for local watershed programmes.
- d. Enhanced health of watershed ecosystem
- e. Ensured sustained flow of water from water source

We currently have four successful PES schemes, which are bound by a contractual agreement between ecosystem service providers and beneficiaries. These are:

- 1. Yakpugang (Mongar): PES scheme between community forest management group (CFMG) and municipal water users, effective since 2011;
- 2. Pasakha (Chukha): PES scheme between CFMG and industries, effective since 2016;
- Namay Nichu(Paro): PES scheme between CFMG and hoteliers, effective since 2016;
   Thakorling & Khuchi Darachhu (Tsirang): PES scheme between Thakorling & Khuchi Darachhu watershed community and Damphu Town water users, effective since 2019,

The PES schemes under this project are proposed building on the lessons from these successful schemes.

Water is a key sector for increasing agricultural productivity as well as improving public health and hygiene. Developing climate resilient infrastructure through the use of environmentally friendly and durable infrastructure directly contributes to a transformational Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Indent: Before: 0.25", Space After: 0 pt, Line spacing: single Formatted: Font: (Default) Times New Roman, 12 pt, Complex Script Font: Times New Roman, 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: Times New Roman, 12 pt, Complex Script Font: Times New Roman, 12 pt, Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: 12 pt, Complex Script Font: 12 pt Formatted: Font: Default) Times New Roman, 12 pt, Complex Script Font: Times New Roman, 12 pt, Formatted: Font: (Default) Times New Roman, 12 pt, Complex Script Font: Times New Roman, 12 pt, Somplex Script Font: Script Font: Script Font: Script Font: Script Fon

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Page 32 of 108

change for Bhutan in terms of increasing agricultural productivity, where more than 60% of the population is still engaged in the agricultural sector besides improving public health.

In terms of irrigation technologies, the proposed interventions include HDPE pipeline and climate-smart technology which in the long run has minimal maintenance cost. Such interventions also have a high efficiency level of water usage as it reduces conveyance losses<sup>25</sup>. Given the mountainous terrain, piped irrigation shows more adaptive benefits compared to open conventional irrigation channels.

Indeed, the alternative options for irrigation would be to build the schemes with conventional concrete lining or with concrete structures which is cheaper than the proposed intervention. However, this option will not be cost effective in the long run due to the following reasons:

- The concrete channel has a shorter lifespan (maximum of 10 years) than the HDPE pipe irrigation scheme which has a lifespan of minimum of 50 years.
- The concrete channel has high maintenance cost compared to pipe irrigation schemes.
- The open concrete channel is more vulnerable to climate risks offering little resilience to
  extreme events leading to blockages and water loss through seepages which, in turn,
  can trigger catastrophic slope failures and massive landslides causing negative
  environmental impacts and risks. This negative impact can have a substantial
  environmental cost as part of the mitigation measures.

Hence, Wwhile upfront cost for pressurized piped irrigation schemes, proposed under the project, is higher than traditional open channels, it is increasingly proving to be the most efficient, reliable, and sustainable scheme. A kilometer of climate resilient irrigation scheme to be supported by the project is estimated to cost USD 138,937/- including the cost of maintenance for the scheme lifespan of minimum 50 years. In contrast, the same length of "business as usual" conventional irrigation scheme is estimated to cost USD 202,187/- covering maintenance cost for 49 years and four times reconstruction cost to serve for 50 years. In the long term, alternative climate resilient approach works out to be 45% more cost efficient<sup>26</sup>. Interventions on irrigation financed by the GEF-LDCF, <u>EU</u>, World Bank and GCF elsewhere in Bhutan–are have alsoadopted focused on building pressurized piped irrigation which is the most suitable and resilient scheme for a highly vulnerable mountain ecosystem. By adopting climate resilient approach, the project would create a long-term saving of USD 1.6 million for total of 25.5km irrigation scheme<sup>27</sup>.

Various types of land degradation occur in Bhutan at different scales and degrees. Among the land degradation types, water induced degradation, e.g. gully, landslides & ravine formation, are more prominent and devastating. Wind and tillage erosion is also extensive as is in-situ degradation such as depletion of soil organic matter, nutrient mining, topsoil capping and subsoil compaction. All these contribute to reducing agricultural productivity and impairing the livelihoods of the people of Bhutan. Older farmers commonly report crop yield declines of 30% or more due to the soil "being tired" (SFU, 2001)<sup>28</sup>.

<sup>25</sup> NIWRMP 2016, National Environment Commission, RGoB

<sup>28</sup> Report on Agroforestry and Soil Fertility Survey in Bhutan. Soil Fertility Unit, Ministry of Agriculture, Thimphu, Bhutan.

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Page 33 of 108

 $<sup>\</sup>frac{2^{6}}{6}$  Estimates are worked out by the technical working group for the project preparation comprising of technical experts from Agriculture Engineering Division and other technical agencies.

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The project site farm land is dominated by dryland farming on steep slopes (20-35 degree) whichremain vulnerable to soil erosion. Annually 3-21 MT/hectare of soil are washed from the conventional farming practices (*NSSC*, *Soil Erosion Report 2010*). Owing to the steep terrain aggravated by climate change, the formation of gullies, landslide and landslips are common. If not checked from initial stage, the gullies and landslides could lead to ravine and even have to resettle the communities.

With the project support on bench terracing, the surface run off (rill and sheet erosion) will be checked thereby retaining soil fertility and soil moisture. Further, contour grass hedgerows and contour stone bunds will reduce the surface soil erosion by 46% and increase in crop yield by 10%<sup>29</sup>. Interventions will also include bio- engineering measures using live cuttings, plantation of bamboos, grasses and check-dams (log & stone).

The introduction of SLM interventions brought positive impact in reducing soil erosion by 40 percent which resulted in increase in crop yield by 10%<sup>30</sup>. However, the challenges faced by farmers, especially households headed by elderly farmers, women and economically disadvantaged families in implementing SLM interventions are labour shortages and high cost. Therefore, to address this challenge, alternative approaches such as informal labour sharing groups and community mobilization through campaign mode were adopted which have proven successful and are being replicated in areas where SLM is rolled out through different project supports. In addition, alternative approach using machine was adopted for bench terracing from 2017 under the funding support from BTFEC, GEF-LDCF and GCF. Without project support mechanization, an acre of bench terracing manually requires about 147 men days which works out around Nu. 147,000USD 1960/- (@Nu. 1,000 per person per day). However, with project supportmechanization, the cost was-of maintaining soil fertility and improving farm productivity through bench terracing will be reduced by 65% which is found to be more cost-effective in maintaining soil fertility and improving farm productivity.

Climate related extremes such as heat waves, droughts, floods, cyclones and wildfires expose the ecosystem and human systems to the current climate variability and make us vulnerable. Bhutan has also been witnessing more frequent extreme weather events causing widespread damages to crop and livelihood. For instance, the incessant and untimely rainfall that coincided with paddy harvest in the country from 16 to 21 October 2021affected 4242 households across 18 dzongkhags damaging 2698 acres of crops. According to the record maintained by the MoAF, the rainfall incurred a damage of about Nu 9,50,33,520.86<sup>31</sup>. The extreme weather events are projected to be more frequent into the future. These extreme weather events, climate variability and long-term climate change pose important threats to the future agriculture and food security. This necessitates the need for climate and weather services (agrometeorology). Dissemination of timely agro-advisories and early warning systems has the potential to reduce the number of fatalities cause by weather and climate related disasters and enhance the resilience of the communities.

The proposal also tackles the issue of knowledge and decision-making. Often there is a huge amount of climate data available, including those for researchers and policy makers. However, it is not packaged in a useful way for day-to-day use at the grassroots level, for instance, by the

<sup>29</sup> "Farmers' perception on soil erosion, its causes and adoption of its mitigation measures in two gewogs of eastern Bhutan.", Tshering, Jigme, et al.

<sup>30</sup>"Farmers' perception on soil erosion, its causes and adoption of its mitigation measures in two gewogs of eastern Bhutan.", Tshering, Jigme, et al.

31 Crop damage report of 17 Dzongkhags, 2021, RGoB

Page 34 of 108

farmers. Thus, the project is expected to develop agrometeorological services and products, which are user-friendly and easily accessible at grassroots level so that the impacts of climate change and climate-induced disasters can be significantly reduced.

Further, the expected results are part of the targets set in the existing plans at the national level. For example, ensuring 24x7 safe drinking water supply for every household is the target set for 2023. Yet, the available means are not sufficient to cover all the needs in the country.

D. Describe how the project/programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or subnational development plans, poverty reduction strategies, national communications, or national adaptation program of action, or other relevant instruments, where they exist.

Taking into consideration the role of water for sustainable socio-economic development, the water sector has been accorded a top priority by the RGoB. The additional feature of the current 12<sup>th</sup> FYP is the flagship programmes designed as key means to achieve NKRAs through implementation of high priority programmes. "Access to 24/7 safe drinking water with irrigation" has been prioritized by the RGoB as flagship programmes in the 12<sup>th</sup> FYP and the proposed project is well aligned with the RGoB's Water Flagship Programme. The strategies identified include declaration and protection of critical watersheds, putting in place adequate and climate-resilient water infrastructure, improving the quality of drinking water and strengthening water legislation and governance.

The proposed project will contribute to the achievement of the five of the 17 NKRAs of the 12<sup>th</sup> FYP. Those five NKRAs are:

- NKRA 3: Poverty eradicated and inequality reduced
- NKRA 5: Health ecosystem services maintained
- NKRA 6: Carbon neutral, climate and disaster resilient development enhanced
- NKRA 8: Food and nutrition security ensured
- NKRA 17: Sustainable water ensured

The NKRA is a development outcome at the national level that will contribute to achieving the overall objective of the 12<sup>th</sup> FYP. In 17 NKRAs identified in the plan are closely aligned with the SDGs with their targets and indicators integrated into the 12<sup>th</sup> FYP. Aligned with the NKRAs, there are Local Government Key Result Areas (LGKRAs) at the local government level which will contribute to achieving the 12<sup>th</sup> FYP objectives. The proposed project will contribute to achieving the following LGKRAs:

- LGKRA 1: Gainful employment created and local economy enhanced
- LGKRA 2: Food and nutrition security enhanced
- LGKRA 3: Community health enhanced and water security ensured
- LGKRA 6: Livability, safety and sustainability of human settlements improved
- LGKRA 9: Carbon neutral, climate and disaster resilient development enhanced
- LGKRA 10: Gender equality promoted, women and girls empowered

Bhutan is currently working on the development of its first NAP with a focus on the water sector. The proposed project will complement and supplement the implementation of ongoing assessments being carried out in the water sector. Furthermore, the proposed project is in line with the National Environment Strategy (NES) 2020. The NES 2020 based on the situational

Page 35 of 108

analysis and the current challenges proposes improving access to safe drinking water and sanitation and implementing integrated water resources management.

Bhutan in its first NDC outlined the 10 broad areas of priority adaptation needs. The integrated water resources management adoption of appropriate technologies, climate proofing water distribution systems and integrated watershed and wetland management were identified as some of the adaptation measures in the water sector. The proposed project is in line with the first NDC.

Bhutan submitted its 2<sup>nd</sup> NDC in June 2021 which highlights the mitigation options and outlines that the adaptation component will be identified in its NAP which is under formulation and is expected to be ready by 2022. The NAP will cover priority needs in water, agriculture, forests and biodiversity and health. Some of the priorities highlighted in the draft document include development of a database system for drinking water, strengthening and formation of WUAs, and climate proofing water infrastructure. The proposed project is built on the findings and assessment carried out for NAP formulation.

Page 36 of 108

Project Component	NKRAs (2018-23)	LGKRAS (2018-23)	SDGs (2015-30)	9 GNH Domains (Long term)
Component 1 Component 3	NKRA 3: Poverty and inequality reduced	LGKRA 1: Gainful employment created and local economy enhanced LGKRA 2: Food and nutrition security enhanced LGKRA 6: Livability, safety and sustainability of human settlements improved LGKRA 9: Carbon neutral, climate and disaster resilient development enhanced LGKRA 10: Gender equality promoted, women and girls empowered	Goal 1: No poverty Goal 10: Reduced inequality	Living standard Good governance
Component 1	NKRA 5: Health ecosystem services maintained	LGKRA 9: Carbon neutral, climate and disaster resilient development enhanced	Goal 11: Sustainable cities and communities Goal 15: Life on land	Ecological diversity and resilience Good governance
Component 1 Component 2 Component 3	NKRA 6: Carbon neutral, climate and disaster resilient development enhanced	LGKRA 9: Carbon neutral, climate and disaster resilient development enhanced	Goal 7: Affordable and clean energy Goal 9: Industry, innovation and infrastructure	Ecological diversity and resilience Good governance
Component 2 Component 3	NKRA 8: Food and nutrition security ensured	LGKRA 2: Food and nutrition security enhanced LGKRA 3: Community health enhanced and water security ensured	Goal 2: Zero hunger	Living standard
Component 1 Component 2 Component 4	NKRA 17: Sustainable water ensured	LGKRA 3: Community health enhanced and water security ensured LGKRA 6: Livability, safety and sustainability of human settlements improved	Goal 6: Clean water and sanitation	Living standard Health Ecological diversity and resilience

Table 5: Alignment of project components and SDG, GNH Domain and 12FYP

Page 37 of 108

### E. Describe how the project/programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

The implementing entities are committed to complying with all legislation and applicable environmental and social requirements. Overall, the project activities will be within the context of requirements of the National Environment Protection Act 2007. Other compliance requirements with regulation are described in more detail at the component level:

To achieve the foreseen related to the implementation of watershed management plan, scaling up of PES schemes and wetland management, activities shall be in line with the following:

- Forest and Nature Conservation Act 1995
- Forest and Nature Conservation Rules and Regulations of Bhutan 2017
- PES Framework for Bhutan 2015
- Bhutan Drinking Water Quality Standards 2016 and Wetland Inventory Framework

All the SLM interventions, particularly terracing, will be done in line with the following guidelines and modalities.

- ALDG 2017 of the MoAF
- Implementation Modalities for Agriculture Land Development and Fallow Land Reversion, circulated to all the implementers vide letter No. DOA/ARED/Adm-01 /2019 dated 30<sup>th</sup> September 2019
- Soil Conservation Manual (SCM), 2019, of the National Soil Services Centre, DoA, MoAF

As for infrastructure for improving access to drinking and irrigation water, larger scale constructions will require environmental and social clearance starting with an Initial Environmental Examination (IEE) to the competent authority prior to the execution of the proposed activity. Further, extraction of water resources must be in line with the Water Act of Bhutan 2011 and water regulations which define environmental flow requirements and BDWQS 2016. The proposed irrigation activities are in line with the National Irrigation Plan as well as the National Water Flagship Programme.

Activities for the promotion of climate-smart agricultural practices and improvement of water governance shall be aligned with:

- The Constitution of Kingdom of Bhutan 2008, which entrusts every Bhutanese as a trustee of the Kingdom's natural resources and the environment for the benefit of the present and future generations. It is the fundamental duty of every citizen to contribute to the protection of the natural environment, conservation of biodiversity of Bhutan and prevention of all forms of ecological degradation.
- Land Act 2007, which is envisaged to manage, regulate and administer the ownership and use of land for socio-economic development and environmental well-being of the country through efficient and effective land administration, effective use of land resources and conservation of the ecosystem.
- Bhutan Water Policy 2007, aimed at sustainable management, efficient and equitable use of water resources while recognizing and preserving the environmental, social, cultural and economic value and uses of water.

- Water Act of Bhutan 2011, which ensures that the water resources are protected, conserved and/or managed in an economically efficient, socially equitable and environmentally sustainable manner.
- Water Regulation of Bhutan 2014, promulgated to enforce the objectives and purpose of the Water Act, effectively implement and enforce the Water Act by the Competent Authorities and identify roles and responsibilities of designated Competent Authorities and other relevant organizations.
- Agriculture and Land Development Guideline 2017, aimed at establishing a common approach and practices for Agriculture Land Development (ALD) across the country and assist agriculture staff and other stakeholders in planning, implementing, monitoring and evaluation of ALD programmes and activities.
- National Environment Protection Act 2007, which provides for the establishment of an
  effective system to conserve and protect environment through the National Environment
  Commission or its successors, designation of competent authorities and constitution of
  other advisory committees, so as to independently regulate and promote sustainable
  development in an equitable manner.
- National Forest Policy of Bhutan 2009, which was framed to ensure that Bhutan's resources and biodiversity are managed sustainably to produce a wide range of social, economic and environmental goods and services for the equitable benefit of all citizens and natural environment while still maintaining a minimum of 60% of the land under forest cover thereby contributing to Gross National Happiness.
- PES Framework 2015. The goal of the PES framework is to move beyond the current general enabling environment for PES in Bhutan to encourage and establish the necessary institutional arrangements for the efficient and effective design/operationalization of PES schemes across the country.
- PES field guide for Bhutan, 2015, to help implement PES schemes in the field and to promote and upscale the mechanism in Bhutan.

The project's key objective of building resilience to climate change and adaptive capacity of water-stressed communities in the target districts are relevant to all water related regulations, policies and guidelines.

During the implementation of the project, the implementing entity and other executing entities must comply with the standards of the AF. This project complies with the various laws that relate to the implementation of the project's activities, such as environmental, agricultural and water resource acts and relevant laws. Direct involvement of related line ministries and local authorities add strength to the compliance and alignment with national laws, policies and guidelines. The line agencies have been consulted during project design and development through their respective representatives in the project development task force and several consultations to ensure that activities comply with relevant national standards.

All project activities related to infrastructure will require environmental and social clearance. The project will receive either guidance or the required authorizations, clearances, licenses through different agencies at the local government level of central agencies as per the established delegation of power for environmental clearance. Such clearances will be accompanied by conditions that ensure environmental and social safeguards.

# F. Describe if there is duplication of project/programme with other funding sources, if any.

The DA, GNHC, is the apex planning and coordination body of the RGoB. It ensures that any development activity in the country is in line with the government's priority as well as ensuring no duplication between project interventions. Any external or internal funding of any kind in Bhutan, irrespective of implementing agencies, must be routed through the GNHC.

The initial proposed project was limited to Paro and Dagana dzongkhags (concept note stage). However, due to the changing ground realities and the urgency to implement some of the key activities proposed during the concept note, it is proposed to include three gewogs in Tsirang District.

The proposed project is complementary with some of the ongoing and pipeline projects financed through GCF, GEF and GEF-LDCF and details of lessons learned and best practices and synergies is provided in Table 6 below-

The GCF financed UNDP supported project on Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan supports resilient agricultural practices in eight dzongkhags of Dagana, Tsirang, Sarpang, Punakha, Wangduephodrang, Zhemgang, Trongsa and Samtse. The project mainly supports interventions to integrate climate change risks into water and land management practices that affect smallholders and in reducing the risk and impact of climate change-induced landslides during extreme events that disrupt market access. The dzongkhags of Dagana and Tsirang are common and provide opportunities to seek synergy in terms of water management and sustainable land management.

In Tsirang, GCF Project covers Mendrelgang, Kilkhorthang, and Sergithang which are beyond the project scope of AF. In Dagana, two gewogs, namely Tsangka and Lajab, are common between GCF and proposed AF project. However, GCF supports are focused on sustainable land management whereas AF project proposes to build climate-resilient irrigation schemes which will maximise farm productivity in those two gewogs thus complementing both the initiatives.

Similarly, GEF-LDCF financed, UNDP supported project on "Enhancing sustainability and climate resilience of forest and agriculture landscape and community livelihoods in Bhutan" is being implemented in 12 districts, namely Wangduephodrang, Zhemgang, Sarpang, Tsirang, Thimphu, Trongsa, Bumthang, Mongar, Lhuntse, Paro, Punakha and Haa. While Tsirang and Paro districts are common, intervening *gewogs* are different. In Paro, except for some support for conservation initiatives, there are no adaptation intervention from the GEF-LDCF project. In Tsirang, GCF-LDCF project supported one irrigation scheme in Sergithang gewog while it is not included in AF proposal.

The ongoing GEF financed, UNDP supported project on ecotourism focuses on mainstreaming biodiversity conservation into tourism development. The project focuses on the eastern and south-central districts of Bhutan which are not within the proposed areas of the present proposal for the AF.

The recently approved project concept note under the GEF-LDCF on advancing climate-resilient water sector in Bhutan covers the dzongkhags of Thimphu, Wangduephodrang, Tsirang, Sarpang and Punakha.

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IFAD funded "Commercial Agriculture & Resilient Livelihood Enhancement Programme" presently concentrates on the project sites that are centric to the eastern part of Bhutan, namely Lhuntse, Trashiyangtse, Mongar, Trashigang, Pemagatshel, and Samdrup Jongkhar. These project sites are beyond the scope of the project landscape identified in the AF project.

Further, the IFAD project mostly emphasizes commercial farming practices such as crop cultivation and livestock sciences, market chain and enterprising activities including the upliftment of farmers' groups and cooperatives, with a peripheral concentration on irrigation and land development. On the other hand, the AF project solely emphasizes water and land development where ad aptation measures will be integrated, where concrete activities will be earried out through the apportioned amount, which further justifies the concentrative approach in contrast to the IFAD project where commercialization has come out as a centerpiece. Moreover, the lessons learned and documented from IFAD project will be used in the implementation of AF proposal.

Since the project landscape identified in the AF project is not intervened by the IFAD programme, it is at the planning mechanism of GNHC where duplication is reduced. GNHC as the planning commission of Bhutan will ensure that the project is aligned with the national goals with no duplication.

1	able 6: Details of	f completed,	ongoing and pipeline proj	ects including l	essons learn	t, best practices and syne	ergies/overlaps		Formatted: Font: Italic, Complex Script Font: Italic
Sl.No.	Name of the	Source of	<b>Description of the</b>	Location	Project	Synergies/ Overlaps	Best Practices	Lessons learnt	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	<u>project</u>	Funding	<u>project</u>		<u>Status</u>				Formatted: Font: 11 pt, Complex Script Font: 11 pt
1	Addressing the		The overarching goal of		Completed		Soil nailing and	Sequencing of	Formatted: Font: 11 pt, Complex Script Font: 11 pt
1 <u>4</u>	Risks of	GEF-	the project is to safeguard	Phuntsholing	in 2019.	Both NAPA II and	adoption of various	project activities to	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Climate-	LDCF-	Bhutan's key economic	Thromde		proposed AF are	bioengineering	be considered	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	induced	NAPA II	development	(Rinchending		adaptation projects.	technologies in	through better	Formatted Table
	Disasters		infrastructure, to	landslide		However, NAPA II	slope stabilization.	coordination.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	through Enhanced		strengthen resilience against climate-induced	stabilization)		focused on land stabilization and AF	Piloting Payment	PES schemes in	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	National and		water scarcity and in	Mongar		will focus on the water	for Ecosystem	Bhutan have:	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Local Capacity		general terms to	(Drinking		sector.	Services (PES)	a. strengthened	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	for Effective		strengthen national and	water supply				community	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Actions		local capacity for natural	in municipality)		<u>NAPA II project</u> supported a drinking		ownership over	Formatted: No bullets or numbering
			disaster response and climate resilience.	municipanty		water supply scheme for		management and governance of	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			ennate resinence.			water scarce Mongar		water source	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						town and this project		catchments.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						sites are in different		b. created	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						districts.		awareness and	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								willingness among	Formatted: No bullets or numbering
								ecosystem	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								beneficiaries to	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								pay for upstream	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								watershed	<b>Formatted:</b> Font: 11 pt, Complex Script Font: 11 pt
								c. Reduced burden	<b>Formatted:</b> Font: 11 pt, Complex Script Font: 11 pt
								on government	Formatted: Font:
								exchequer to pay	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								for local watershed	Formatted: Font: The p, complex Script Font: The Formatted: Font: (Default) Times New Roman, Complex Script Font: Times New Roman
								programmes.	Formatted: Font:

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Page 42 of 108

Sl.No.	Name of the	Source of	Description of the	Location	Project	Synergies/ Overlaps	Best Practices	Lessons learnt	Formatted: Font: 11 pt, Complex Script Font: 11 pt
<b>51.110</b>	project,	Funding	project	Location	Status	Synergies/ Overlaps	Dest I lactices	Lessons learne	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	project	-	project		Stinting				Formatted: Font: 11 pt, Complex Script Font: 11 pt
								d. Enhanced health	
								of watershed	<b>Formatted:</b> Font: 11 pt, Complex Script Font: 11 pt
								e. Ensured	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								sustained flow of	Formatted Table
								water from water	Formatted: Font: 11 pt, Complex Script Font: 11 pt
								source	Formatted: Font: 11 pt, Complex Script Font: 11 pt
-									Formatted: Font: 11 pt, Complex Script Font: 11 pt
2	Commentation of	<u>GCF</u>	The marine to the large	Tsirang	<u>Ongoing</u>	The dzongkhags of	Nine tailored	The climate	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Supporting Climate		<u>The project mainly</u> supports interventions to	(Mendrelgang		Dagana and Tsirang are	climate products (8	products will help	Formatted: Font:
	Resilience and		integrate climate change	Kilkhorthang,		common and provide	Dzongkhag level	in customizing farm	Formatted: Font: (Default) Times New Roman, Complex
	Transformationa		risks into water and land	and Barshong)		opportunities to seek	and 1 at National	advisories of	Script Font: Times New Roman
	1 Change in the		management practices			synergy in terms of	level) to be rolled	prioritized crops	Formatted [1]
	Agriculture		that affect smallholders	Dagana		water management and	out. The	identified in this	Formatted: Font color: Text 1
	Sector in Bhutan		and in reducing the risk	(Khebisa,Dor		sustainable land	dissemination of	project through a	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			and impact of climate change-induced	<u>ona),</u> Punakha,		management.	farm advisories through various	landscape approach,	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			landslides during extreme	Trongsa		In Tsirang, GCF Project	climate products	approach	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			events that disrupt market			covers Mendrelgang,	will help the		Formatted: Font: 11 pt, Complex Script Font: 11 pt
			access.	Punakha		Kilkhorthang, and	communities in		Formatted: Font: 11 pt, Complex Script Font: 11 pt
						Sergithang which are	reducing climate	Agriculture and	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				Sarpang		beyond the project scope of AF. In Dagana,	induced risk.	livestock productivity	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				Samtse		two gewogs, namely	SLM technologies	increase is visible	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						Tsangka and Lajab, are	supported through	wherever SLM	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				Wangduephod		common between GCF	GCF address land	interventions reach.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				rang_		and the proposed AF	degradation and		Formatted: Font: 11 pt, Complex Script Font: 11 pt
						project. However, GCF	mitigate the climate	Smallholder	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						supports the sustainable	change induced	farmers' livelihood improved and	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						land management practices especially on	extreme events. The	income enhanced.	
						bench terracing,		More children	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						senen terraeing,			Formatted: Font: 11 pt, Complex Script Font: 11 pt

Page 43 of 108

Sl.No.	Name of the	Source of	Description of the	Location	Project	Synergies/ Overlaps	Best Practices	Lessons learnt	Formatted: Font: 11 pt, Complex Script Font: 11 pt
51.110	project,	Funding	project	Location	Status	Synergies/ Overlaps	Dest I factices	Lessons learn	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	project	-	project		Status				Formatted: Font: 11 pt, Complex Script Font: 11 pt
						bench terracing,	technologies	More children	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						hedgerows and contour stone bunds	promoted are	could go to schools,	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						construction whereas	1. Bench terracing	SCHOOIS.	Formatted Table
						AF project proposes to	2. Contour	Considering the	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						build climate-resilient	hedgerows	positive impacts of	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						irrigation schemes which will maximize	3. Contour stone bund	these interventions, SLM technologies	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						farm productivity in	4. Landslide	need to be upscaled	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						those two gewogs thus	stabilization	in the areas not	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						complementing both the	(Plantations &	supported through	Formatted: Font: 11 pt, Complex Script Font: 11 pt
						initiatives.	Check dams)	other projects.	Formatted: Space Before: 0 pt, Tab stops: Not at 0.5"
							36 climate resilient	Adoption of climate	Formatted: Normal (Web), Space Before: 12 pt, After: 12
							irrigation schemes supported in the GCF project areas.	resilient HDPE irrigation pipe over conventional open irrigation channels	Formatted: Normal (Web), Indent: Before: -0.07", Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5", Font Alignment: Baseline, Tab stops: Not at 0.5"
3					Ongoing.				Formatted: Font: 11 pt, Font color: Black, Complex Script Font: 11 pt
	Enhancing	GEF-	The project aims to	Wangdue		While Tsirang and Paro	First ever climate	Delay in execution	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	sustainability and climate	LDCF- NAPA III	operationalize an integrated landscape	<u>Phodrang,</u> Zhemgang,		districts are common, intervening <i>gewogs</i> are	change adaptation and biodiversity	of project activities due to delay in	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	resilience of forest and		approach through strengthening of	<u>Sarpang</u> , Thimphu,		different. In Paro, except for some support	conservation	procurement of equipment, which	Formatted: Font: 11 pt, Font color: Black, Complex Script Font: 11 pt
	agriculture		biological corridors,	Trongsa,		for conservation	project.	should be well	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	landscape and		sustainable forest and	Bumthang,		initiatives, there are no	Building climate	planned in the AF	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	community		agricultural systems, and	<u>Mongar,</u>		adaptation interventions	resilient pressurized	project.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	livelihoods in		build climate resilience of	Lhuntse,		from the GEF-LDCF	piped irrigation	Adoption of climate	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Bhutan		community livelihoods.	<u>Punakha and</u> Haa, Paro		project. In Tsirang, GCF-LDCF project	schemes.	resilient HDPE	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				(Tsento),		supported one irrigation		irrigation pipe over	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				× //	l	- 1.1			Formatted: Font: 11 pt, Complex Script Font: 11 pt

Page 44 of 108

SI.No		Source of	Description of the	Location,	Project	Synergies/ Overlaps	Best Practices	Lessons learnt	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	<u>project</u>	Funding	<u>project</u>		<u>Status</u>			//	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				(Tsento),		supported one irrigation	Piloting climate	irrigation pipe over	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				Tsirang		scheme in Sergithang	proofing of gewog	conventional open	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				(Phuentenchu,		gewog which is not	connectivity roads.	irrigation channels	Formatted: Font: 11 pt, Complex Script Font: 11 pt
				Sergithang)		included in the AF		////	Formatted Table
						proposal.	Success stories in bench terracing as		Formatted: Font: 11 pt, Complex Script Font: 11 pt
							effective land		Formatted: Font: 11 pt, Complex Script Font: 11 pt
							management		Formatted: Font: 11 pt, Complex Script Font: 11 pt
							technology in		Formatted: Font: 11 pt, Complex Script Font: 11 pt
							mountain areas.		Formatted: Font: 11 pt, Complex Script Font: 11 pt
									Formatted: Font: 11 pt, Complex Script Font: 11 pt
					Pipeline				Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Advancing	GEF-	The project will focus on	Thimphu,		The project will	NA	NA	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Climate Resilience of	LDCF	advancing the climate- resilience of the water	Wangdue Phodrang,		complement this project by collaborating in		·····	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Water Sector in		sector in Bhutan adopting	Tsirang,		water governance			Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Bhutan-		river basin approach.	Sarpang and		aspects.			Formatted: Font: 11 pt, Complex Script Font: 11 pt
	ACREWAS			Punakha.					Formatted: Font: 11 pt, Complex Script Font: 11 pt
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<u>Sl.No</u>	Name of the	Source of	Description of the	Location	Project	Synergies/ Overlaps	Best Practices	Lessons learnt	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	<u>project</u>	Funding	project,		<u>Status</u>			//	Formatted: Font: 11 pt, Complex Script Font: 11 pt
5									Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Commercial	IFAD	IFAD project mostly	Lhuntse,	Ongoing	On the other hand, the	Agriculture land	Farmers were able	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Agriculture &	_	emphasizes commercial	Trashiyangtse,		AF project solely	<u>development</u>	to convert fallow	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Resilient		farming practices such as	Mongar,		emphasizes water and	supported through	land into cultivable	Formatted Table
	Livelihood Enhancement		crop cultivation and livestock sciences, market	Trashigang, Pemagatshel,		land development where adaptation measures	CARLEP	land due to agriculture land	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	Programme		chain and enterprising	and Samdrup		will be integrated,		development.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
	(CARLEP)		activities including the	Jongkhar.		where concrete			Formatted: Font: 11 pt, Complex Script Font: 11 pt
			upliftment of farmers'			activities will be carried		Farm	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			groups and cooperatives,			out through the		mechanization feasible due to land	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			with a peripheral concentration on			apportioned amount, which further justifies		development.	Formatted: Font: 11 pt, Complex Script Font: 11 pt
			irrigation and land			the concentrative			Formatted: Font: 11 pt, Complex Script Font: 11 pt
			development.			approach in contrast to			Formatted: Font: 11 pt, Complex Script Font: 11 pt
						the IFAD project where			Formatted: Font: 11 pt, Complex Script Font: 11 pt
						commercialization has come out as a			Formatted: Font: 11 pt, Complex Script Font: 11 pt
						centrepiece.			Formatted: Font: 11 pt, Complex Script Font: 11 pt
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Page 46 of 108

Synergies between these projects were ensured through consultative process between the projects in implementation to inform each other of the best practices emerging out of the projects. GNHC as the central coordinating agency ensured proper coordination between projects by leveraging the existing practice such as national and annual implementation performance agreement of the agencies.

Overall, as NDA and DA to GCF and AF respectively, the GNHC ensures that the projects are coordinated systemically through better collaboration and non-duplication, ensured mostly through the PMU coordination.

# G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

Knowledge management will be an important part of the project to ensure the sustainability of climate change adaptation goals. The project will ensure that information and knowledge accumulated and produced within the project will be documented and made available for wider communication and dissemination of project lessons and experiences to support the replication and scaling-up of project results.

The project seeks to establish and strengthen existing knowledge management system and establish appropriate models of communications to disseminate information on climate change adaptation across areas of programme implementation. The key lessons learnt and best practices will be documented for wider dissemination through various platforms such as meetings, social media and publications.

Knowledge exchange mechanisms through study visits will be promoted among communities and organizations as well as capacity building to understand and implement adaptation measures will be fostered.

Potential outputs include:

- Evaluation material, disseminating lessons learned and key results of the project;
- Improved data management;
- Improved interpretation and dissemination capacity;
- Policy information sharing and mainstreaming;
- Cross-cutting capacity building (other capacity will have to be built into relevant components);
- Success stories or stories of change.

Through this knowledge management activity, the project will ensure that the information and knowledge culminated or gathered during the implementation of the project are documented and made available for the wider reach of future project implementers. This is aimed at replicating and making realistic experiences readily available for scaling-up of similar project results in the future. Further, case studies and technical reporting of the project aim to capture the lesson learnt and best practices notwithstanding the indigenous methods of technicality, so that those documents are available for national and international meetings.

The project will develop targeted communication strategy through consultative process for the systemic documentation of project process and its functional achievements, which will be

published and shared emanating from the project activities and knowledge sharing events through platforms such as social media and the official website and government portals.

Further, the project will involve local people at the grassroots so that the interaction and collaborative work experiences will enhance transfer of technical knowledge from field experts to local people, which will subsequently help meet the skill requirements of local people for future project maintenance. The project will be realized through the recruitment of available national manpower so that the knowledge and its management is well scoped during the implementation of project activities.

Key lessons learned from the past and ongoing SLM projects which were considered during project design and will be adopted during project implementation include:

- **Participatory SLM Action Planning** This planning methodology has enhanced community ownership and commitment; promoted inclusion of all households in decision-making process; and helped build community capacity.
- Group approach in implementing SLM measures Promoting informal groups or reviving traditional labour sharing groups was found very useful in implementing SLM activities that are labour intensive, e.g., hedgerows, stone bunds, check dam construction and orchard establishment. This approach was particularly helpful to families with less labour force, women heads, aged and disabled family, and resource poor households. Besides, the approach has also generated other social co-benefits such as community cohesion and trust, exchange of experiences and benefits through collective action against conventional individual household approach
- Reaching all versus focused approach One lesson learned has been with regards to reaching out project resources to all the communities and households versus focusing the interventions. The problem with reaching out project support to all is the dilution of impact due to too many activities and spreading out resources too thinly. That way, there is no visible impact or transformational change at the end of the project period. Realizing this, a focused approach was adopted which resulted in better resource utilization and bigger impact in the field.
- SLM best practices The problem with many SLM interventions is the long period needed before the impact of interventions becomes tangible and start contributing to the beneficiaries' livelihoods. Most SLM interventions take a considerable time between the initial investment and the actual benefit, which is an opportunity costs to most of the land owners, especially so to the resource poor farmers having small landholdings. Therefore, the long term SLM interventions were supported with the provision of inputs for direct short-term benefits such as improved seeds, incentives and material supports, including simple tools and implements, small labour-saving machineries, etc. matching with short term cash income generating activities.

Additional elements related to knowledge management in each of the four components are included below.

### Component 1: Adaptive management of watershed for enhancing resilience of community

The project will focus on strengthening the institutional, financial and human capacities for longterm management and M&E for integrated watershed management, aiming at water sources that are well protected. This will include review of existing studies and strategies, mapping the gaps and enhancing these strategies. This will include human resource development, mainly training the field staff for improved management of water sources and creating awareness and empowering communities in water management mainly through PES. Further assessments on watershed considering climate change with appropriate interventions will be carried out and information disseminated to various field officials for future adaptation measures. A reliable wetland monitoring system which is currently lacking for the project sites will be developed, taking advantage of emerging technologies for innovative solutions. This monitoring system will guide the planning process, particularly the development activities taking into consideration the vulnerability issues.

# Component 2: Climate-resilient water infrastructure for uninterrupted supply of water for drinking and irrigation.

This component will collect data on indigenous and traditional best practices applied by local people in the supply of water for drinking and irrigation. Additionally, the project will involve communities to increase interaction and collaborative work experiences and enhance transfer of best practices and technical knowledge from field experts to local people. This will increase local capacities in delivering future project operations and maintenance. The project will recruit local manpower to ensure knowledge and its management is well adapted to local and community needs.

Further, case studies and technical reporting of the project under this component will capture the lessons learnt and best practices from the implementation of the project. The climate angle perspectives and narratives will be documented so that related information and statistics will be made available for the benefit of future projects.

As for the baseline, there is a lack of technical capacity and awareness in integrating adaptation measures into the water sector, which is also one of the sectors most vulnerable to climate change. Taking this into consideration, the project will build the capacity of engineers in the integration of climate change adaptation measures in water management planning and implementation. The project will also document the best practices of climate-resilient water management demonstrated in the project sites and the knowledge will potentially be disseminated through conferences and seminars to other parts of the country for the purpose of replication.

The lessons learned from involving the communities through WUAs will be documented. This will be used to increase awareness among the communities on good practices of water management.

# Component 3: Climate-smart agriculture through sustainable land management and informed agro-meteorological services

This component will ensure that lessons learnt from GEF-LDCF (NAPA III) project and the GCF programming in the agricultural sector are available to project implementors in the sector. The implementation of this component will also holistically compile all relevant information related to agro-meteorology and sustainable land management to serve future projects.

SLM related activities also contribute to the overall national target set forth in the Land Degradation Neutrality objectives of the UNCCD. Hence, SLM related information will have a national reach in terms of the knowledge components.

# Component 4: Improved local Governance for effective Climate Change Adaptation (CCA) mainstreaming with focus on water management at the grassroots.

Under this component, capacities of the LG officials will be built, particularly in mainstreaming climate change adaptation with a focus on the water sector in LGs. LGs play a critical role in ensuring that climate change adaptation measures are mainstreamed and sensitized to the LG officials. Lessons learned from this project will be taken forward to inform national planning processes and incorporated in future climate change adaptation projects. Further, LG through this exchange of knowledge will help to integrate activities aimed at increasing climate resilience into other socio-economic activities.

# H: Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.

The project is designed based on extensive engagements with stakeholders at all levels across the project landscape. The NIE in collaboration with DA formed a Technical Working Group (TWG) representing BTFEC, GNHC, MoAF and MoWHS to identity the broad components to address the urgent adaptation needs. A concept note was developed during a three-day national consultative workshop held in August 2019 including representatives from DA, NIE and relevant entities. The four components were identified in alignment with National Key Result Areas of 12th FYP.

The TWG reviewed the 12<sup>th</sup> FYP (2018-2023) flagship programmes to achieve accessibility to reliable and safe drinking water. It was also agreed that the project sites will be selected based on the water stressed level. In September 2019, transformational adaptation interventions under each of the components were identified through a one-day consultative workshop with involvement of relevant stakeholders (NEC, DOA, DoFPs, DLG, Dept. of Engineering Services, Dept. of Agriculture and Marketing and Cooperatives, NSSC DA & NIE). Later in February 2020, a three-day consultative write shop was conducted to compile the data and information in order to formulate the final draft proposal which was sent to the consultant and also to the AF.

Further in 2021, community consultation and ES &G risk assessments in four districts (Paro, Dagana, Tsirang & Sarpang) were carried out followed by three rounds of national level consultative meetings. The Consultative meetings were held to address the comments received from AF review panel with the help of UNCDF's consultant. The proposal was also finalised during the meeting.

A series local consultation and project site assessment (covering social, environment and gender aspects) was conducted from 29 May to 5 June in Paro and 6 to 13 June 2022 in Tsirang and Dagana for local stakeholders, community leaders, women and men beneficiaries. The representative from the national institutes, GNHC, BTFEC, DoA and NSSC participated in the consultation. The WMD, MoWHS were represented by the forestry officials in the field and Dzongkhag Engineering sectors. Local stakeholders included representatives and project beneficiaries of LG, community leaders, men and women of project sites.

Under each of the components, lead agencies have conducted stakeholder consultations, including with the LG, community leaders and community groups. A number of far-flung communities considered vulnerable groups were also consulted. It is the government's priority that such groups are considered and benefit from any form of project. In most of the meetings, the presence of women and youth was also ensured. Consultations were also the opportunity to confirm communities' sensitivity to environmental and social safeguards.

Details of consultative processes under each component are indicated below:

### **Component 1:**

Preliminary watershed assessments were initiated in collaboration with all the stakeholders in the watershed of Paro and Dagana districts. Consultative workshops were held with all the relevant agencies at the district level to create awareness on the watershed management and to seek information on the watersheds.

### **Component 2:**

As a part of the recent consultative process held during the formulation of the national priority programmes for the 12<sup>th</sup> Five Year Plan, several villages were consulted and their views were incorporated in the "Water Flagship Programme Access to 24x7 Safe Drinking Water with Irrigation - 2019" on which Component 2 is based. Besides, the specific context (ground situation) and the difficulties faced by communities in terms of water for drinking and irrigation were also studied.

### **Component 3:**

Under this component, consultations were performed according to the requirements as defined by the MoAF prior to this proposal formulation. The land use mapping conducted by the MoAF has clear indications of different aspects of land use and related challenges, including at social level.

### Component 4:

Regarding the formation of WUAs, consultation was held with the LG of Paro, one major project dzongkhag. Further detailed analysis of Environmental and Social Safeguards, and Gender analysis, shall be required according to local infrastructure to be set, in line with National Regulation.

FGDs were held with community representatives of the project dzongkhags and gewogs to understand gender roles and challenges in water and water resources management at different levels. These FGDs were held in the context of understanding that "Gender Equality implies a society in which women and men enjoy the same opportunities, outcomes, rights and obligations, in all spheres of life. A critical aspect of promoting gender equality is the empowerment of women, with a focus on identifying and redressing power imbalances and giving women more autonomy to manage their own lives.

The participatory assessment of gender situation revealed the following;

 All gewogs in the project area have a practice of establishing a WUA for oversight management of drinking or irrigation water schemes among households using water from a facility. The office bearers of these WUAs comprise chairperson, secretary and a treasurer. Overall, women representation comprises only 11% of the office bearers of WUAs in the project area. Most of these WUAs are recognized by the gewog administrations. However, they are not formally registered and officer bearers need training in water governance, management and water dispute resolutions.

During participatory assessment of gender roles and capacities, the stakeholders identified the need to enable higher level of participation by women in governance and management institutions. Hence, it is proposed that the project should support enabling;

- Formal registration of all WUAs in the project areas with enhanced participation by women. For this the project should provide capacity building of WUA office bearers in the related fields.
- The project should aim to raise the representation of women as office bearers of WUAs by 11 % to 30% by the end of the project period and
- That usage and management of water largely handled by women at the household level and by men at the dzongkhag level. There is a gap between the majority of end users of water, who are largely women at household levels and decision makers in the management of water at the community and dzongkhag levels who are largely men.
- Within the project dzongkhags, 100% of Dzongkhag Tshogdu (DT) chairperson; 75% of Deputy Chairperson, 100% of DT Secretary and 78% of members are men. The representation of women in the Gewog Tshogde (GT) is 29% as compared to 22% at the DT level. Women lack influence within existing water governance and management institutions, limiting their ability to change the redistribution of power and affect decisions. Training and capacity building would be required for women to engage in public decision-making.
- Men play a greater role in maintenance of water-related infrastructure. However, women • also play a significant role in the maintenance of infrastructure at community and household levels which indicates the need for enabling participation by women capacity building for water maintenance, use of tools and equipment and in promoting improved tools and technologies in water maintenance at local levels. However, 90% of the participants view that men have enjoyed better access to training opportunities than women. Given the significant role women play in the maintenance of infrastructure at the community and local levels, the project support in terms of training opportunities in water infrastructure should include equal participation by women. Women have a greater role in the use of water for cooking, cleaning, watering livestock and kitchen gardens as compared to the greater role of men in use of water for field irrigation. In situations where water facilities are not maintained at the local levels, women would land up facing the larger brunt of dealing with lack of water supply and hence would find more value in having skills and capacity for water maintenance. Training women on efficient and economic use of water would also enable efficient utilization of limited water resources. Therefore, the stakeholder consultations on gender proposed the inclusion of training on practical and technical measures to enable both men and women at grassroots to enhance their skills in water management. The type of skills and capacity required by the stakeholders, as identified during the stakeholder consultations included skills in:
  - o Water distribution and management
  - o Efficient/economic use of water
  - o New applicable technologies in water management
  - Use of maintenance tools and equipment
  - o Plumbing and minor maintenance at HH and community level
  - o Climate-resilient and efficient design of water infrastructure

- Women have a higher level of control over decisions related to buying and selling of commodities. They stand very low in terms of control and access to production tools and equipment, transportation matters, information and training opportunities.
- In the project area, access and control over land resources are dominated by men indicating that men play a significantly larger role in decisions related to buying and selling of land or in terms of cultivation and use of land resources. Men also play a larger role in irrigating agriculture land except in the case of kitchen garden which is dominated by women.
- Men do have better access to financial capital over women such as in actual spending. However, the control and, therefore, for decisions related to spending, investments, borrowings or lending are dominated by women. Therefore, there is a need to enhance this capacity by including women in trainings related to book keeping.
- A survey on gender and climate change in Bhutan reported that 84% of men in Bhutan are aware of climate-smart and climate-resilient agriculture as compared to only 68% of women being aware of the same. It also reported that a higher proportion of males enjoy access to information, training and inputs related to climate smart agriculture<sup>32</sup>. The PPG stakeholder consultations in the project areas also observe that men have better access and control over information, tools and training. The fewer opportunities for women relative to men to obtain skill and development training limit their participation in and the benefits they may gain from the use of new water technologies. Therefore, stakeholder consultations and meetings of the project should make concerted effort in creating awareness on impacts of climate change and technologies for improved water management.
- The Gender Assessment, therefore, recommended;
  - Enhancing participation by women in project activities, particularly in training and capacity development activities; Supporting establishment of formal (registered) through capacity building and enabling formal registration of WUAs; ensuring that 30% of office bearers in these WUAs comprise women and that all trainings and workshops involving local communities achieve a 30% participation by women. The training needs are identified (See gender Assessment and Action Plan in Annex 1);
  - Awareness on the water act; water regulations; group formation and management; Water source sharing; conflict and dispute resolution; Labour regulations and Labour Safety; Roles and responsibilities of stakeholders in water management; Gender equity in water management; Mechanism for distribution of water; Innovations for sustainability in water management such as introduction of fees and PES mechanisms; Management of WUAs and record keeping.
  - Climate resilient management and maintenance of water resources and infrastructure covering topics on water distribution and management; efficient/economic use of water; new applicable technologies in water management; use of maintenance tools and equipment; plumbing and minor maintenance at HH and community level; climate resilient and efficient design of water infrastructure.
  - Facilitating women and men's equal participation in and access to benefits project activities. Support the empowerment and leadership-building of rural women, and their full and meaningful involvement in the water resources and water management. Enable rural women to participate actively in WUAs.
  - o Enhancing education, and conduct awareness-raising and advocacy on adaptation to

<sup>&</sup>lt;sup>32</sup> Gender and Climate Change in Bhutan, CNWC, 2020

climate change through climate resilient water management through training sessions and social media.

- Putting in place, a grievance redress mechanism at the start of the project to ensure a formal process for addressing concerns or complaints raised by individuals (particularly women) or groups affected by the project implementation activities. Both concerns and complaints can result from either real or perceived impacts of operations and may be filed in the same manner and handled with the same procedure. Measures should be in place to avert and mitigate conflicts arising out of project implementation including unequal distribution of water.
- Appointment of an Environmental Safeguards and Gender Expert to ensure that gender equality and safeguards are fully built into project activities. The expert will identify gaps and support in capacity building and provide training to project staff and key stakeholders. The details of gender assessment and ensuing gender action plan is annexed (Annex 1).

The table below lists the project stakeholders consulted during the project formulation. (Participants list in Annex 3a to 3k)

SI #	Date of Consultation	Programme	Outcome of Consultation	Stakeholders involved/Consulted
1	5-7 August 2019	National Consultation on Adaptation Fund Proposal Development Workshop.	Concept note developed.	GNHC, MoWHS, DoA, NSSC,WMD,DLG, BFL, BTFEC,WMD, and DoFPs
2	10-12 February 2020	Three-day National Writeshop for Project Proposal Formulation.	Full-blown project proposal initiated.	NEC, DoA, DoFPS,DLG,DES, DAMC, BTFEC & GNHC
3	1 April 2021	Stakeholder Consultation in Dagana and Paro <i>dzongkhags</i> .	Preparation for field trip for ESG Assessment.	GNHC, MoWHS, DoA, NSSC, WMD, DLG, BTFEC and National Consultant
4	7-18 April 2021 for Dagana, 20-21 April 2021 for Paro	Community consultation and ES&G Risk Assessment for Paro, Dagana, Tsirang and Sarpang.Annexed ES&G Risk assessment.	Community consultation and ES&G Risk Assessed.	NEC, DoA, DoFPS, DLG, DES, DAMC, NSSC, GNHC and National Consultant
5	13 July 2021	National Consultation meeting among GNHC, BTFEC and other relevant Stakeholders.	National level Consultation carried out.	UNCDF, GNHC, WMD, NSSC, DoA, WoWHS, DoA, DLG & BTFEC
6	4 February 2022	Virtual Discussion on Adaptation Fund Activities with National Stakeholders MoWHS/MoAF	Activities finalization.	MoWHS, MoAF, national consultant, BTFEC, UNCDF and GNHC
7	10 February 2022	Virtual consultation among National and Local Stakeholders	Activities finalization	Sarpang Dzongkhag Adminstration, Shompangkha, Serzhong Gup, Chuzergang GAO, MoWHS, BTFEC, UNCDF and GNHC
8	11 February 2022	Virtual consultation on Tsirang Adaptation Fund Activities among national and local stakeholders	Consultation held for activities finalization.	Tsirang Dzongkhag Adminstration, MoWHS, MoAF, BTFEC, UNCDF and GNHC
9	22 March 2022	Virtual Consultation among key National Stakeholders for Irrigation and Drinking Activities	Irrigation and Drinking Activities finalization.	MoWHS, MoAF, BTFEC, UNCDF & GNHC
10	29 May -5 June for Paro and 6 -13 June 2022 for Tsirang and Dagana	Community consultations for project activities and ESS for the project	Community consultations for project activities undertaken.	NEC, DoA, DoFPS, DLG, DES, DAMC, NSSC, GNHC and National Consultant
11	20 June 2022	Adaptation Fund Consultation with sectors to finalize Budget and Activities	Budget finalization	WSD/DES, MoWHS, WMD/DoFPS, AED, DoA, NSSC, PS, UNCDF, BTFEC & GNHC

Table No.6 Summary of stakeholder consultations

Page 55 of 108

# I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

The rationale for selecting only three dzongkhags is to deliberately create a critical mass of activities in the beneficiary areas, ensuring both focus and impact at the level of entire watersheds. The project size ensures that upscale at district level is feasible while also allowing activities to be financially independent from other sources of finance.

The "business as usual" situation can be described as follows.

Climate and meteorological changes are already affecting the regional ecosystems, as demonstrated by significant losses in the size and distribution of Himalayan glaciers and reduced availability of water for irrigation, agriculture, hydropower and domestic use. Climate-related threats, which will increase in the coming decades, demonstrate the clear need for strategic planning and regional adaptation practices notably in rural areas and for the agricultural sector, particularly vulnerable to climate change.

With about 69% of the population employed in the agricultural sector restrained in less than 3% of the country suitable for agriculture, with water sources drying, there is a need for efficient and sustainable natural resource management. Many adaptation strategies for the agricultural sector are constrained by a lack of information on locally-specific climate change impacts.

LG officials have basic general understanding of climate change but lack the knowledge of the significance of climate change adaptation and how it can be implemented. As mainstreaming climate change adaptation involves additional initial costs, the current mindset of the LGs in general is to not mainstream climate change adaptation and gender needs in local development investments ignoring the fact the long-term costs of not mainstreaming are higher. Without the AF support to strengthen the capacity of LGs for CCA governance, LGs will continue to plan and implement local development investments without mainstreaming CCA and gender aspects. This will result in wasteful and unsustainable local development investments.

There are number of national policies, legislations and plans related to water resources management that need to be implemented at the local level. A coordinated approach is required to implement them. Furthermore, standards and guidelines are in place for development and management of RWSS and irrigation systems. The capacity of LGs and communities need to be developed to employ these standards and guidelines effectively. Finally, localized water scarcities have led to water disputes between communities and individuals. These water disputes are often referred to central government agencies due to lack of capacity within the LGs to resolve them.

Further to the benefits considered in section B (social, environmental, economic) and C (cost effectiveness), each component shows clear additionality.

**Component 1:** By addressing water issues from source to downstream users, the project ensures continuous availability of water resources. The approach is also expected to revive drying water sources and also protected water sources from degradation (business as usual case). As they regulate and filter water, wetland ecosystems need specific for ensuring continuous supply of quality water. The wetland inventory is expected to inform on the number and extent of wetlands that need protection within and outside the protected areas in Bhutan.

Page 56 of 108

**Component 2:** Improving resilience of water related infrastructure is vital for delivering water from the source to the users. Component 2 will ensure delivery of water with required quality as a basic prerequisite for health, hygiene and human activity, including agriculture. Further, the proposed technical solutions are justified by low labour requirements for maintenance, which is adapted to the situation in rural Bhutan where there is already shortage of farm labour.

**Component 3**: The proposed land management and informed agro-meteorological services are essential to agricultural activities within the watershed area. Indeed, implementation of sustainable land management practices in vulnerable and degraded areas are critical for increasing resilience of agriculture sector. In addition, making climate change information easily accessible through user-friendly products and services are key to reducing vulnerability and breaking down the climate data in useable forms by the grassroots communities.

**Component 4**: Water governance can be improved through the formation of the WUAs with the goal of strengthening community-based initiatives and improve community preparedness for adapting to climate change. Integration of adaptation issues in the planning enhance resilience prospects for the future.

Overall, the project offers a holistic adaptation approach at the district level, which include multistakeholder dialogue, focusing on improving the status of natural resources thereby ensuring quality ecosystem services, allowing productive sectors to have the means for efficiency and resilience, and giving the opportunity for communities to engage in meaningful development planning processes.

## J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project/programme.

The project activities are mainstreamed into the existing system through alignment to the 12<sup>th</sup> FYP objectives and Water Flagship Programme. Furthermore, as per the Water Act of Bhutan 2011, any group of beneficiaries using a particular water source for their water supply needs may form a WUA to maintain the water source and to manage water supply services. In line with the Act, to ensure sustainability of the scheme, formation of WUAs is proposed as part of the project which will be institutionalized and the operation and maintenance aspects of the scheme after project finalization will be integrated into local government plans. An empirical experience evidence pointed out in one of the publications of the ADB, traditional water user groups look after the maintenance of water supply systems in rural communities<sup>33</sup>.

Different government and LG agencies are responsible for managing the components. There is a set of qualified and capable human resources to execute the task. The agencies have strong governance and financial systems and adequate due diligence will be exercised to conduct the overall management of the project/programme.

The project will use the following bases to ensure long-term sustainability of outcomes:

### **RGoB** commitment and ownership:

The Water Act of Bhutan 2011 designates MoAF as the Competent Authority on irrigation, watershed and wetland management. It is responsible for the development of irrigation systems and management of watersheds throughout the country. The Engineering Division of the ministry provides engineering services to local administrations for design and development of

33 https://www.adb.org/publications/water-securing-bhutans-future

irrigations systems. The WMD under the DoFPS is tasked to categorize watersheds, prepare management plans, and implement them in collaboration with the stakeholders.

Likewise, MoWHS is responsible for the overall planning, implementation and management of infrastructure for drinking water supply and wastewater for the thromde in collaboration with local governments. It assesses strengths and shortfalls for water supply maintenance, and identifies remedial measures. It is mandated to prepare its development plans in consultation with local governments. Like the MoH, it is mandated to mainstream water resources management into its policies, plans and programmes. As such, both the ministries are mandated to secure adequate budget to meet annual maintenance and recurring costs for all kinds of irrigation and drinking water supply schemes.

The RGoB through the MoAF has long recognized the importance of SLM and ALD to arrest the land degradation and improve land productivity. In line with this, ALD and SLM have been identified as priority programmes in the 12<sup>th</sup> FYP of the MoAF. Similarly, the MoAF has also recognized the importance of timely and user-friendly weather and climate information. Weather and climate information help farmers make critical farm decisions such as planting time, what to plant, when to harvest, fertilizer and pesticide applications. Therefore, the Agro-meteorology Programme was established under the DoA in 2019 to transform climate data into climate information in a way that responds to user needs and assists decision-making to reduce the impacts of climate-related hazards and increase benefits from favourable climatic conditions.

*Institutional sustainability:* The project's institutional arrangements are based on existing RGoB institutional systems, programme management, flow of funds, and accounting and reporting. In particular, it will support RGoB's ongoing efforts to strengthen capacity and organizational structures within the MoAF and MoWHS to systematically and effectively coordinate uninterrupted supply of drinking and irrigation water for better management of land degradation activities including the generation of weather and climate information in Bhutan. In particular, the NSSC and the agro-meteorology programme within the DoA are mandated to look after ALD and weather information respectively both during the project period and beyond. The project will support the formation of WUAs, build their capacities and support in the formulation of by-laws.

**Participatory action planning and community ownership:** The participatory village level action planning and implementation through farmers' groups and community approach will stimulate ownership of the project interventions. Furthermore, the project investment in capacity development will ensure achievement of project results and the sustainability beyond the implementation period.

*Extension and technical support services:* Extension and technical support services from the regional agriculture research and development centres (ARDCs) and the LGs are designed to promote responsiveness to the real needs and increased accountability to the farmer clients. Through this project as part of the knowledge sharing the capacity of all the relevant officials will be enhanced which will be an added advantage for inhouse capacity.

*Fiscal sustainability:* All infrastructure development and maintenance, including ALD and SLM initiatives, are mainstreamed into central and LG plans and programmes. Every year, the RGoB allocates a certain budget to all the government agencies where ALD and SLM interventions are part of their regular activities. This ensures post-project sustainability as the government can take over project activities to scale up and replicate in other areas once the project phases out. For

Page 58 of 108

infrastructure, cost for all minor O&M activities will be borne by the concerned WUAs after the project assets are completed and handed over to the WUAs. Major maintenance which are beyond the capacity of WUAs would be borne by the LGs. Relevant agencies will continue to provide technical backstopping to WUAs.

### K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

The entire project was administered through a participatory screening for environmental and social risks against the 15 principles outlined in the AF's Environmental and Social Policy.

Each participatory risk screening session started with an introduction about BTFEC and status of the proposed project, and overview of AF and BTFEC's ESS policies and need for participatory ESS risk assessment. Upon briefing on the project activities, the participants were asked to identify risks and impacts including vulnerable groups associated with the project activities by each category of AF ESS principles in smaller groups. Colour coded pieces of chart papers were used to collect the perspective of each small group. The risks, impacts and vulnerable groups identified by each small group were discussed at the plenary for contextual understanding and clarity.

The project is not expected to generate any significant environmental/social impacts or risks. Component 1 of the project entails wetland monitoring and management interventions, establishment of PES and adoption of water sources' recharge interventions. These overall watershed interventions will strengthen and improve health of water catchments for component 2 under which climate and disaster-resilient drinking and irrigation water schemes will be established with adoption of innovative technologies and strengthening of community water user groups for inclusive governance and efficient management of these assets. It is under this component that most of the limited and moderate environmental and social risks are foreseen.

Not all of the project activities can be completely specified in this full proposal. The reasons for this are: (i) The design for drinking water and irrigation schemes as well as detailed alignment survey data are not available yet. Due to this, volumes and of water extraction from the sources and volumes of soil exposure through trenching of laying pipes or number of trees that need to be cleared for pipe alignments are not available yet; (ii) While vulnerable and marginalized groups are defined the exact number of such households and groups could only be estimated. The community consultations have defined how to ensure inclusivity and project benefits to such groups and individual households. However, who will be considered the list of beneficiaries of exemptions from community contributions can only be validated and finalized when implementation is ensured and about to start. This, to avoid duplication of time and resources needed for final identification.

Component 3 activities will entail SLM in vulnerable and degraded areas, enabling climate change and disaster information at local levels which entails none or minimal risk and Component 4 of the project on strengthening institutional mechanisms in local governments for climate change adaptation and gender mainstreaming pertains to conducting capacity development for LGs on CCA investment and mainstreaming tools, frameworks and approaches related to irrigation, water management, SLM, CCA and gender enabling overall mainstreaming of project efforts into local level development planning and approaches. These activities are related to a low risk profile with respect to social and environmental impacts.

Page 59 of 108

The process for final designs of infrastructure systems to be implemented under Component 2, SLM interventions under Component 3 and watershed interventions under Component 1 will comprise finalization of community consultations, detail surveys and of, data collection on vulnerable and marginalized households, identification of specific site-based intervention measures and the validation of detailed design and survey works, along the proposed alignment of the infrastructure. Identification of SLM activities would be guided by a Agriculture Land Development Guideline<sup>34</sup>. This is planned for the first six months of the initial implementation phase. After emergence of site and activity specific details, the Environmental and Social Management Plan (ESMP) will be revised. The environmental/social and gender expert will coordinate assessment of risk based on 15 AF principles and update the ESMP. Accordingly, the project will also renew activity specific environmental clearances.

Nevertheless, During project preparation phase and based on available information on activities, all-potential risks across all components are site and activity specific and manageable or are controlled by terms and conditions defined in respective activity specific environmental clearances.

Hence, their potential negative impacts are very limited and can be readily mitigated. An ESMP and Grievance Mechanism are included in Annex 2, as required by the AF procedures. The ESMP provides mechanisms for tracking identified risks, or any new risks, ensuring they are properly monitored, evaluated, reported on, and addressed.

A gender assessment is provided (Annex 1) in line with the Gender Policy of the Fund, and has been used in the design and fine-tuning of the activities so that gender is fully integrated. The gender analyses will be carried out during implementation to further develop the activities so that they promote gender equality and women's and men's resilience to climate change. Further, the ESMP will be revised under coordination of the ESG Expert during the first six months of the project implementation.

<sup>34</sup> https://www.doa.gov.bt/wp-content/uploads/2021/05/Agriculture-Land-Development-Guideline 2017.pdf Page 60 of 108

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Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law	~	Low risk: As accredited entity to the AF, BTFEC abides by international and national laws. BTFEC's partners and contracted service providers are equally obliged to do the same. Relevant national and district authorities have been consulted during the proposal development process and will be partners in the project implementation. This facilitates compliance with all relevant laws and regulations. Environmental and social clearances have been obtained for project activities. Compliance with the law is mandatorily addressed through requirement for valid environmental clearance for all project activities. Environment clearance includes attachment on forest clearance, community clearance, individual clearance and all affected stakeholders. The clearance documents contain terms and conditions to be implemented by the project. Compliance to these terms and conditions and validity of the clearances are monitored by respective competent authorities No further assessment required during project implementation
Access and Equity		However, awareness and sensitization of relevant aspects of laws to be pursued during project implementation         Moderate risk:       Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. Similarly, new settlers may face accessibility issues as they have not been members of WUAs in the past. These households may face challenges of accessing project benefits. Further, emergence of commercial activities could marginalize rural households and may result in unequal benefits to communities from project assets.         Mitigation measures/Further assessment during project implementation:         -       community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.         -       providing equal access to new settlers

Table 87: Overview of the environmental and social impacts and risks identified as being relevant to the project (See Table 5 of ESMP for details)

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Page 61 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		Strengthen WUAs to protect rights of member households through training and definition of incentives in the articles of associations
		Water transmission line to include T-points for all settlements to enable distribution from the main water line to member communities
Marginalized and Vulnerable Groups		<i>Low risk:</i> Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association. These households may face challenges of project accessing benefits.
		<ul> <li>Precautionary measures:</li> <li>M&amp;E Officer and Safeguards expert to monitor that WUA articles include clause on: <ul> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> </ul> </li> </ul>
Human Rights	√	<i>Low risk:</i> The constitution of Bhutan ensures human rights as a fundamental right to every citizen in Bhutan. It guarantees equal and effective protection of the law and protection against discrimination on grounds of race, sex, language, religion, politics or other status. The standard planning processes of needs assessment, design of projects and implementation are applied uniformly across the country.
		No further assessment required during project implementation
Gender Equity and Women's Empowerment		<i>Moderate risk:</i> Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may face challenges of project accessing benefits.
		Mitigation measures/further assessment during project implementation:

Page 62 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		The project will fully mainstream gender, and will ensure that women and men and female and male youth equitably engage in and benefit from project activities such as project asset building and availing benefits from the project. The project's gender action plan is a central element of the exit strategy. A gender assessment has been conducted which shows that women are not represented as much as men in executive of water user groups. The project will ensure that at least 30 percent of executives of WUAs supported by the project comprises of men and 50 percent participants at training conducted through the project will comprise women and youth.
Indigenous Peoples	~	Not applicable <u>The World Bank's operational manual describes indigenous communities, in general as communities who self-identify</u> and are identified by others as members of a distinct cultural group with an indigenous language, different from the national language or with presence of customary social and political institutions and characterized by primarily subsistence-oriented production. The UN, Department of Economic and Social Affairs define indigenous people as groups with social, cultural, economic and political characteristics that are distinct from those of the dominant societies in which they live. In Bhutan, there are no community groups who self-identify and are identified by others as distinct in terms of culture, language, social and political institutions.
Core Labour Rights		Moderate risk:         Due to difference in physical strength of men and women, contractors may adopt differential work compensation between men and women.         Contractors may not fully comply with labor laws and standards in employing workers establishing appropriate working conditions such as inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labor camps which could pose health and hygiene risk to workers. Further, contractors may employ school children under 18 years of age during school holidays.         Proposed pipeline of alignments passes through stretches of steep slope and difficult terrain in some site which could expose workers to safety risks.         Risks of conflict with local communities due to lack of awareness of local norms by project workers from outside the

Page 63 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		project area such as sexual harassment and disrespect to local norms may risk conflicts between local communities and project workers from outside the project areas.
		Mitigation measures/further assessment during project implementation:         PMU, project officers, implementing partners and organizations must ensure complioance to national laws and international agreements on labour rights. In particular, the safeguards expert will monitor and that the project activities comply with;         -       equal pay for equal work hours to be maintained for workers in the project activities         -       awareness are conducted by project/local administration to contractors and local employee on labour regulations and standards         -       Contract package should include occupational health and safety provisions in their budget.         -       safety measures are implemented while implementing work and PPE and safety gears are provided and used by workers at project site.         -       Contractual arrangements to include proper establishment of amenities in temporary worker camps and provide proper working conditions as per labour regulations         -       Worker data to be maintained at site with age and identify cards.
Involuntary Resettlement	~	<ul> <li>Low risk: The Land Act 2007 and land Compensations Rates 2017 provide clear and mandatory arrangements for compensations. This project will not resettle households or families, neither in physical nor economic terms.</li> <li>Precautionary measures:         <ul> <li>Avail clearance from all concerned agencies and consent from all affected individuals and parties</li> </ul> </li> </ul>
Protection of Forests and Natural Habitats		Moderate risk:         The local territorial forest officials regularly monitor forest product movement. As a result, the project's activities are not expected to have any adverse impact on the environment or natural habitats. Some activities requiring restoration of cleared sites through plantation could potentially have adverse impacts if non-native plants are used for replantation.         Mitigation measures/further assessment during project implementation:

Page 64 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		Mitigation measures/further assessment during project implementation: - Only native species to be used for any plantation ior restoration works in forest areas
Conservation of Biological Diversity		Moderate risk:         The project activities do not pass through any protected, prohibited or restricted areas. However, some activities of Component 2, such as establishment of irrigation and drinking water involves drawing water from natural streams. This could potentially have adverse impacts on biodiversity if adequate provisions of environmental flows are not maintained. Further, due to availability of irrigation water, increased cultivation of high-income varieties may increase risk of neglecting native varieties.         Mitigation measures/further assessment during project implementation:         - Introduction of alien and invasive crop/plant species. To be avoided;         - 30% of the lean flow from natural streams to be maintained in all natural streams where the project activities will draw surface water as per the Water Regulations and in alignment with the Water Act 2011         - Design of infrastructure for water scheme should be based on discharge measurements at the source during lean and peak rainfall seasons
Climate Change		Moderate risk:         The entire project is designed to reduce beneficiaries' exposure and vulnerability to the effects of climate change and increase their adaptive capacity. The project will not generate any significant emissions of greenhouse gases or reduce carbon sinks capacity. Many project activities will be designed to be low-emissions, as well as adaptive – e.g. increase in vegetative cover through SLM activities and watershed management. All project components and activities will be designed to contribute to increasing local capacity for water governance and climate information iii) ensuring availability or drinking and irrigation water are expected to ensure a better adaptability changing climatic conditions. However, heavy rains resulting local soil erosions could harm project assets. Landslides may be triggered by bursting of water channel         Mitigation measures/further assessment during project implementation:         Need to ensure use of climate resilient design for all water infrastructure in the project such as;

Page 65 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		<ul> <li>Need to ensure use of climate resilient design for all water infrastructure in the project such as;</li> <li>Use pipes for conveyance of water to be securely embedded underground</li> <li>Executing entities shall ensure the use of appropriate materials and ensure that joints are of appropriate quality.</li> <li>Project contractual arrangement to include an O&amp;M period during which any events such as burst of pipes and eventual damage to agriculture lands to be restored by the contractor during the liability period</li> </ul>
Pollution Prevention and Resource Efficiency		<ul> <li>Moderate risk:</li> <li>With assured irrigation water, intensification of agriculture activities such as increased vegetable cultivation could risk farmers adopting chemical fertilizers leading to soil pollution.</li> <li>Use of limited quantities of chemical fertilizers may pollute flow of tail end water in natural landscapes.</li> <li>Inappropriate waste at temporary worker camps in project sites may result in risk of limited desecration of natural landscapes.</li> <li>Minor excavation works and ground clearance will cause limited disturbances to local soil and vegetation.</li> <li>Risk of unsustainable extraction of water is low as drawing of water is guided by e-flow requirements which is required by the Water and Regulations as well as specified in the environmental clearance for project activities.</li> <li>Mitigation measures/further assessment during project implementation: The safeguards expert to monitor strategically the project activities, on compliance of the terms laid down in the forest clearance and environmental clearance documents and ensure periodic water quality monitoring reports for drinking water are maintained by local health center.</li> </ul>
Public Health		Moderate risk:         Migrant workers with unknown medical and travel history could risk transmission of diseases that are not prevalent in the project areas to local communities and among project workers and staff.         Contractors may resort to cheaper arrangement of worker camps with inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labour camps which could pose health and hygiene risk to workers.
		Mitigation measures/further assessment during project implementation:

Page 66 of 108

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		<i>Mitigation measures/further assessment during project implementation:</i> The safeguards expert will monitor that the contractual arrangements include occupational health and safety provisions and that these terms and conditions are complied to by contractors and site engineers. The PMU will ensure that disbursement is not made without proving compliance to these terms and conditions.
Physical and Cultural Heritage	~	<ul> <li>Low risk:</li> <li>Project workers from outside may not be aware of local cultural/sacred sites and may cause unintentional damage.</li> <li>Alignment pipes and water lines may pass through any local cultural assets.</li> <li>Where cultural sites are observed in the project areas, cultural clearance are sought for project activities. The clearance document defines terms and conditions that enable avoidance of any harm on such assets.</li> <li>Precautionary measures:</li> <li>The safeguards expert will monitor that the terms and conditions specified in cultural clearances are complied by contractors and site engineers. The PMU will ensure that disbursement is not made without proving compliance to these terms and conditions.</li> </ul>
Lands and Soil Conservation		Moderate risk:         The project includes activities in soil conservation and SLM in the agricultural areas as well as watershed management.         This includes ensuring land and soil conservation, as well as protection and enhancement of natural habitats in the project areas. The activities related to establishment of drinking and irrigation water may cause temporary minor soil erosions during the project implementation phase.         Mitigation measures/further assessment during project implementation:         -       Exposed soil to be restored back into the trench after pipe layout and minor clearance sites to be restored by planting native plants.         -       Ensure proper joining of water pipes         -       Risks related to leakage of pipes, post implementation phase will be mitigated by regular monitoring of water lines by the Chusup, a member of WUA executive with responsibility for water infrastructure maintenance. The project should train Chusups in all project locations on maintenance of water lines.

Page 67 of 108

## PART III: IMPLEMENTATION ARRANGEMENTS

#### A. Describe the arrangements for project/programme implementation.

As the DA, the GNHC will provide strategic directions and oversee the overall implementation and achievement of the project outcomes. The BTFEC, as NIE, will provide overall coordination on the implementation of the AF Project and oversee the achievement of the project outputs.

The PSC will provide strategic technical and financial directions to the PMU and will be the decision-making body. PMU housed at the DoA, MoAF, will coordinate with the Project Executing Entities for the smooth implementation of the project activities. The PMU will be responsible for the overall management of this AF Project.

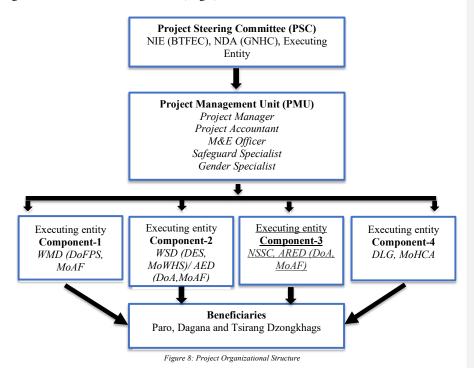
The Project Executing Entities (one Entity for each of the four components) will execute the activities in collaboration with the LGs of the three dzongkhags. They will be responsible for the day-to-day execution of the project activities, their supervision and reporting.

The project beneficiaries (three dzongkhags) are at the local level where the actual activities will be implemented. There will be active participation of the LG functionaries and community in the project implementation.

The responsible agencies for the components are the following:

Project Component	Executing Entity	Parent Organization
<b>Component 1</b> Adaptive management of watershed for enhancing resilience of community	Watershed Management Division	Department of Forest and Park Services, Ministry of Agriculture and Forests
<b>Component 2</b> Improve climate-resilient water	Agriculture Engineering Division	Department of Agriculture, Ministry of Agriculture and Forests
infrastructures for uninterrupted supply of water	Department of Engineering Services	Ministry of Works and Human Settlements
<b>Component 3</b> Strengthen climate-smart agriculture	National Soil Services Centre	Department of Agriculture, Ministry of Agriculture and Forests
through sustained land management and informed agrometeorological services	Agrometeorology Programme, Agriculture Research and Extension Division	Department of Agriculture, Ministry of Agriculture and Forests
<b>Component 4:</b> Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots	Department Local Governance	Ministry of Home and Cultural Affairs

Table 8: Details of Executing Entities



BTFEC (NIE) will sign an agreement with the GNHC on behalf of the executing entities. The agreement will include administrative, legal, technical and financial clauses.

#### **Roles and Responsibilities of Project Steering Committee**

A PSC comprising members from the four Executing Entities, DA, beneficiaries and the NIE shall be established.

- 1. Supervise all aspects of project implementation and disbursement of funds to the executing entities
- 2. Review and approve project activities for each executing entity
- 3. Review project and project status reports to ensure that activities are implemented as planned and that expected outcomes are achieved
- 4. Provide guidance on effective and efficient utilization of resources.
- 5. Liaise with the RGoB on project implementation and seek policy guidance

#### **Roles and Responsibilities of Project Management Unit**

The PMU's key functions will include but not be limited to:

- 1. Strategic planning, review, and coordination
- 2. Liaise with Executing Entities on the smooth implementation of activities
- 3. Monitor physical and financial progress of the activities.
- 4. Consolidate physical/technical and financial reports for submission to DA and NIE
- 5. Provide technical support to Executing Entities
- 6. Knowledge management of AF project

Page 69 of 108

#### **Roles and Responsibilities of Executing Entities**

- 1. Coordinate the implementation of project activities within their respective project sites
- 2. Ensure effective and timely implementation of the project activities
- 3. Ensure effective and efficient utilization of resources
- 4. Prepare and submit physical/technical and financial progress reports to PMU
- 5. Liaise with the NIE/PMU on projects implementation

#### **Roles and Responsibilities of Beneficiaries**

- 1. Active participation in project consultation meetings and implementation.
- 2. Disseminate information and create awareness on climate change adaptation and mitigation as per the implemented projects
- 3. Provide constructive feedback during project implementation to Executing Entities
- 4. Take ownership of infrastructures built and ensure maintenance and management of the same.

#### **Financial Management**

All executing entities shall maintain their financial records in the RGoB's accounting system ePEMS. As such, all executing entities are government agencies and all financial records shall be maintained in the ePEMS accounting software following RGoB's Budget, Finance & Accounting Manuals 2016 with distinct Project Letter of Credit (PLC) or Financing Item Code (FIC). The executing entities shall submit their periodic financial reports to the NIE.

At the Implementing Entity level, the BTFEC maintains its all-financial records in a Sage ERP Complete and Comprehensive Programme for Accounting Control (Sage ERP ACCPAC) accounting software and all accounting records shall be maintained in the same software. Financial reports to be submitted to the AF shall be data generated by this software.

### **Fund Flow Mechanism**

Once the project is approved, based on the agreed disbursement schedule, the funds shall be transferred to the NIE's bank account maintained with Bhutan National Bank Limited, Thimphu Main Branch, via Royal Monetary Authority of Bhutan. Upon ensuring proper budget incorporation by respective implementing entities, the NIE shall disburse the fund to the Department of the Public Accounts (DPA), Ministry of Finance, Thimphu, Bhutan. The DPA, after fulfilling all the requirements, shall disburse the fund to the respective executing entities.

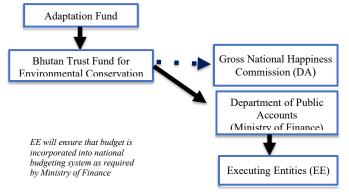


Figure 9: Flowchart showing the Fund Flow

#### **Procurement management**

To manage all procurement activities, the NIE will act as the procurement coordinator for the project. All procurement pertaining to the executing entities shall follow RGoB procurement rules and guidelines while the NIE shall follow its (BTFEC) procurement rules and guidelines.

The executing entities and the NIE shall prepare procurement plan for the entire project period. However, during the implementation, the entities shall plan procurement on an annual basis and shall report on a quarterly basis.

## **Periodic Progress Reporting**

The respective executing entities, using the NIE's prescribed reporting formats, shall submit periodic progress reports (both technical and financial) to the PMU. The NIE with endorsement from the NDA shall submit reports to the Adaptation Fund Secretariat. All reporting will be supervised by the GNHC Secretariat. The grant agreements to be signed with the RGoB (GNHC on behalf of executing entities) shall specify all terms and conditions fulfilling all reporting standards.

Page 71 of 108

## Stakeholder engagement plans

## Component 1: Adaptive management of watersheds to enhance the climate resilience of communities

Output	Stakeholder	Туре	Role in Project
	Watershed Management Division	Government agency	Lead role in the facilitation and implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.
Output 1.1	Department of Agriculture	Government Agency	Technical inputs and guidance for watershed management plan implementation.
Watershed management plan	Department of Livestock	Government Agency	Technical inputs and guidance for watershed management plan implementation.
implemented	Forestry Field Agencies (Territorial Divisions, Protected Areas)	Regional government agencies	Support in facilitation and implementation of the activities
	Dzongkhag and Gewog Administrations	Local government agencies	Mobilization of local participation. Coordination of implementation of field activities in the identified areas
	Local communities/pvt sector	Individual/local group	Participation and provide feedbacks, supplies of tools/machineries
	Watershed Management Division	Government agency	Lead role in the implementation of the activities foreseen for the output; PES sensitization of stakeholders; mediation between service providers and service beneficiaries; facilitation of PES process; guidance and coordination in development of PES agreements.
Output 1.2	Department of Agriculture	Government Agency	Technical inputs and guidance
Payments for	Department of Livestock	Government Agency	Technical inputs and guidance
Ecosystem Services schemes scaled-up	Dzongkhag and Gewog Administrations	local government agencies	Mobilization of local participation; local-level coordination and monitoring; local-level mediation, verifying activities implementation and facilitation of the PES process.
	Community Forest Management Group	Community group	Participate in the PES process, ecosystem service provider; and implementation of terms and conditions as per PES agreement.
	Water users and water user's association	Individuals/Local community group	Participation in PES process; Monitoring and verification of PES activities, provides PES incentives
Output 1.3 Water sources protected &	Watershed Management Division	Government agency	Lead role in the facilitation and implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.

Page 72 of 108

	Watershed Management Division	Government agency	Lead role in the facilitation and implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.	
	Department of Agriculture	Government Agency	Technical inputs and guidance	
Output 1.3	Department of Livestock	Government Agency	Technical inputs and guidance	
Water sources protected &	Department of Geology and Mines	Government Agency	Technical inputs and guidance	
recharge	National Centre for Hydrology and Meteorology	Government Agency	Technical inputs and guidance	
adopted	Forestry Field Agencies (Territorial Divisions, Protected Areas)	Regional government agencies	Support in facilitation and implementation of the activities	
	Dzongkhag and Gewog Administrations	Local government agencies	Mobilization of local participation. Coordination of implementation of field activities in the identified areas	
	Local communities/private sector	Individual/local group	Participation and provide feedbacks, supplies of tools/machineries	
Output 1.4	Watershed Management Division	Government agency	Lead role in the facilitation and implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.	
Wetland	Department of Agriculture	Government Agency	Technical inputs and guidance	
inventoried for	Department of Livestock	Government Agency	Technical inputs and guidance	
informed decision making & its	Forestry Field Agencies (Territorial Divisions, Protected Areas)	Regional government agencies	Support in facilitation and implementation of the activities	
management	Dzongkhag and Gewog Administrations	LG agencies	Mobilization of local participation. Coordination of implementation of field activities in the identified areas	
	Local communities/private sector	Individual/local group	Participation and provide feedback, supplies of tools/machinery	

## Component 2: Improve climate-resilient water infrastructure for uninterrupted supply of water for drinking and irrigation.

Output	Stakeholder	Туре	Role in Project
<b>Output 2.1:</b> Climate and disaster resilient	Water and Sanitation Division, Department of Engineering Services	Government agency	Lead role in the implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.
drinking water	Local Government (Paro & Dagana)	Sub-national/ LG authorities	Implementation of field activities in the identified areas

Page 73 of 108

infrastructure established	Local Community	Beneficiaries	Participation in effective operation, maintenance and management of completed schemes
Output 2.2: Climate and disaster resilient	Agriculture Engineering Division, Department of Agriculture	Government agency	Lead role in the implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping. Initiating survey, design and oversight & monitoring
irrigation infrastructures	Agriculture Research Development Centres (ARDCs)	Regional Offices	Technical backstopping in survey & design, and oversight & monitoring
established	Local Government (Paro & Dagana)	Sub-national/ local government authorities	Mobilization of local participation; local-level coordination and monitoring; survey, design and implementation of the irrigation schemes.
	Local community	Beneficiaries	Participation in effective operation, maintenance and management of completed schemes
	Water and Sanitation Division, Department of Engineering Services	Government agency	Lead role in the implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping.
Output 2.3: Innovative technologies for tapping water	Agriculture Engineering Division, Department of Agriculture	Government agency	Lead role in the implementation of the activities foreseen for the output; coordination with various relevant agencies; technical guidance and backstopping. Initiating survey, design and implementation of major irrigation schemes.
adopted	Local Government (Paro & Dagana)	Sub-national/ LG authorities	Implementation of field activities in the identified areas
	Local Communities	Beneficiaries	Participation in effective operation, maintenance and management of completed schemes
<b>Output 2.4:</b> User groups in the community	Dzongkhag and Gewog Administrations	Sub-national/LG	Mobilization of local participation; local-level monitoring and backstopping; local-level mediation and facilitation of formation of WUAs.
strengthened for effective management of	National Environment Commission	Central government agency	Policy and legislation-related guidance; legalization of WUAs
irrigation and drinking water	Department of Agriculture, MoAF	Central government agency	Technical support, coordination and guidance in the formation of WUAs

Page 74 of 108

Department of Engineering Services, MoWHS	Central government agency	Technical support, coordination and guidance in the manager RWSS
Local communities/user groups	Communities	Key beneficiaries; participation in WUAs; maintenance of RW irrigation systems

Component 3: Strengthen Climate-smart Agriculture through Sustainable Land Management and Agro-meteorology Service

Output	Stakeholder	Туре	Role in Project
Output 3.1:	National Soil Services	Government	Lead role in the implementation of the activities planned for the output; coordination with
SLM in	Centre, DoA, MoAF	agency	various relevant agencies; technical guidance and backstopping on SLM
vulnerable and	Central Machinery Unit,	Government	Prepare machine deployment plan and mobilize machines to the dzongkhags for
degraded areas	DoA, MoAF	agency	agriculture land development; timely monitoring and maintenance of machines
implemented	Farm Machinery	State-owned	Hiring of machinery for agriculture land development (terracing)
	Corporation Limited	Enterprise	
	Private machine hiring	Private enterprise	Hiring of machinery for agriculture land development (terracing)
	agencies		
	Agriculture Research	Regional	Technical inputs and guidance for implementation of SLM plan
	and Development	government	
	Centres, DoA, MoAF	research agencies	
	National Seed Centre,	Government	Arrange to supply climate-resilient seeds and seedlings;
	DoA, MoAF	agency	Support community-based seed production
	Private nurseries	Private Sector	Supply seeds and seedlings
	LGs	LG authorities	Mobilization of local participation. Coordination of implementation of project activities in
			the identified areas
	Rural Communities	Beneficiary	Participation in actual implementation of project activities
Output 3.2:	Agriculture Research &	Government	Lead agency for planning, coordination and implementation of agro-met plans; generation
Climate change	Extension Division	agency	of agro-advisories; coordinate and implement climate research in agriculture using
information,	(ARED), DoA, MoAF		modeling and simulation tools; be focal point for GIS and RS for the Department
products and	NCHM	Government	Prepare and provide weather forecasts (24x7) information. Monitoring of extreme weather
services made		agency	events. Coordinate National Climate Outlook Forums (NCOF), National Framework for
			Climate Services and WMO Climate Services activities.

Page 75 of 108

available and	Agriculture Research &	Regional	Liaise with ARED and NCHM in implementation of agro-met activities; develop and
accessible	Development Centres,	government	validate crop calendar in the ADSS
	DoA, MoAF	research agency	A
	Central Programmes	Government	Liaise with ARED and NCHM in implementation of agro-met activities; incorporate soil
	(NSSC, NPPC), DoA	agency	and plant protection data in the ADSS
	DDM, Agriculture,	Government	Lead agency for disaster risk reduction; lead agency for planning, coordination and
	Research & Extension	agency	implementation of agro-met plans; issuance of early warning system; Be the focal point
	Division, DoA, MoAF		for collection and management of crop damage data and come up with timely contingency
			plans
	Central Programmes	Government	Liaise with ARED and NCHM in implementation of agro-met activities; incorporate soil
	(NSSC, NPPC), DoA,	agency	and plant protection data in the ADSS
	MoAF		
	LGs	LG authority	Facilitate Climate Field School; Validation of crop data; Communication of farm advisory
			to the users
	Rural Communities	Beneficiary	Participate in Climate Field School and actual use of climate and weather services

Component 4: Improved local governance for effective CCA mainstreaming with focus on water management at the grassroots.

Output	Stakeholder	Туре	Role in Project
Output 4.1: Institutional mechanisms in LGs strengthened for CCA and gender mainstreaming	DLG, MoHCA Central governmer agency		Lead role in the implementation of the activities foreseen for the output; coordination with various relevant agencies; guidance and backstopping.
	Dzongkhag and Gewog Administrations	Sub-national/ LG authorities	Key beneficiaries; responsible for applying mainstreaming roles and responsibilities
	Central MRG/GNHC/NCWC	Inter-agency group/central government agency	Backstopping and guidance

Table 9: Stakeholder engagement

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Page 76 of 108

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#### B. Describe the measures for financial and project/programme risk management.

NIE has been an autonomous grant-making agency of the RGoB since 1992. NIE has also been an executing entity for GEF/World Bank funded projects, and other global financing organizations such as Climate Investment Fund, GCF's readiness grant, and so on. Thus, all financial and project management up to the international best practices as per the Programme Operational Norms (PONs) of the NIE.

PONS lays out all required procedures of screening the project proposals against all operational and implementation risks, including financial risks. For each of the risk identified during the project proposal development, a risk management plan will be developed, including Environmental and Social Safeguards Management Plan.

Risk management is an essential element of good governance and an integral aspect of good management practice, and risk management is a shared responsibility. The NIE & EE are accountable for the overall implementation of the NIE's Risk Management Policy, and staff and managers are responsible for ensuring that risk management is integrated into all aspects of activities, including project design and implementation. The NIE's Risk Management Policy is designed to build institutional capacity for risk management that applies to project oversight and implementation.

Roles and responsibilities for financial and project risk management are outlined below.

### The National Implementing Entity:

- Promotes the development of a culture that supports effective risk management and innovation, in line with NIE's risk policy which is in alignment with AF's risk policy;
- Integrates risk management into programmes, projects and functions so that it is a fundamental part of how the NIE works;
- Ensures that risks are managed effectively, which includes identifying, analyzing, responding to, reviewing and reporting on risks;
- Assigns accountability to staff for managing risks within their areas of responsibility, levels of authority and competence; and
- Allows for the systematic review of risk management to ensure its effectiveness and adherence to NIE's risk appetite and project risk categorization.

**Governance and Audit Committee**: The Committee advises the Managing Director and Management Team on the effectiveness of BTFEC's internal control systems, including risk management. Its TOR requires it to ensure that the policy is working effectively and that risk is being properly managed. It also reviews internal and external audit reports, and provides advice on the independence, effectiveness and quality of BTFEC's internal audit functions.

**The Secretariat**: The Secretariat is responsible for ensuring that risks are managed effectively and reported. They are to ensure that responsibility is allocated for keeping risk registers up to date and for taking appropriate mitigation actions. They are responsible for ensuring that risks related to their office's objectives are identified, analyzed and appropriately addressed.

**Project Management Unit (PMU):** The PMU informs the NIE on risk and performance management, develops and updates project and programme risk management tools, coordinates risk management activities, facilitates the identification and evaluation of risks, and maintains NIE's risk management framework, ensuring that it is relevant and that it supports NIE's mandate.

**Internal Auditor**: The Internal Auditor provides assurance to management regarding the effectiveness of BTFEC's internal control systems, governance, risk management processes and on how well the BTFEC is meeting its objectives. It also contributes to the assessment of risk management processes, the effectiveness of risk responses and the completeness and accuracy of risk reporting.

**External Audit**: The Royal Audit Authority (RAA) as the Supreme Audit Institution (SAI) of Bhutan is responsible to audit and report on the economy, efficiency and effectiveness in the use of public resources as per Article 25.1 of the Constitution of the Kingdom of Bhutan. Appointed by His Majesty the King on recommendation of the Prime Minister, the Chief Justice of Bhutan, the Speaker, the Chairperson of the National Council and the Leader of the Opposition Party, the Auditor General (AG) heads the Supreme Audit Institution for a period of five years or until attaining the age of sixty-five years, whichever is earlier.

The RAA, as an external audit independently assess the effectiveness of risk management and risk identification and control processes, including mitigation actions. Evaluations inform all stakeholders about the quality and effectiveness of policies, strategies and operations, and the efficiency of their implementation.

Financial and project risks and management measures are identified below. However, a risk may be handled, the actions must be documented and kept on file, via the Risk Register.

Areas of	BTFEC's	Description of Disk	Se	verit	у	D'I M.	Indicator	
Risk	operational area	Description of Risk		М	Н	Risk Management Measure	inucator	
Strategic ri	Strategic risks						·	
Overall economic environment	Finance & Investment	Total assurance of the economic environment would still remain uncertain as the project intends to create resilience of communities through agricultural activities that are dependent on vagaries of climate and other allied natural phenomena.		X		<ul> <li>Promote farm mechanization along with SLM and irrigation in the participating communities</li> <li>Promote winter cropping and hybrid and climate resilient seeds.</li> <li>Build the capacity of farmers on good agricultural practices and farm mechanization Community commitment to carry out agriculture will be enhanced by assured water supply for agriculture and drinking ensuring their economic activities are facilitated.</li> </ul>	No of communities using farm machinery. Collaboration with DoA for supply of hybrid and climate-resilient seeds to farmers.	
Political	Governance	All the executing agencies are government agencies and proposed plans are aligned with the existing FYP. Therefore, the project will have full political support.	x			Ensure good coordination with all stakeholders including central agencies	Meetings, communications to stakeholders	
Governance	Governance	Poor efficiency in implementation due to difficulties in decision-making or to a lack of formal authority.	x			-The execution of all four components is spear-headed by mandated government agencies with established institutional human resources and capacity. -Capacity building of the communities involved.	Reports	
Investments	Investment	Failure to respond to needs of the intended beneficiaries.	X			All project activities are needs-based and aligned with the 12 <sup>th</sup> FYP and thoroughly deliberated and planned.	FYP reports	
Corporate Image	CRS	If the project receives a negative image, this would impact BTFEC reputation	х			The agreed methodology and participatory approach ensures project ownership from the partner entities and the final beneficiaries		

Financial risks	1				
Financial Sustainability	Financial	Effective availability and use of financial resources during implementation. Running costs of supported activities over time.	x	-During implementation, the government will ensure financial sustainability through annual budget allocation for maintenance and other recurrent costs. -Most expensive items (notably, at irrigation level) are low maintenance. Users' associations will be set upto ensure local sustainability.	
Cost escalations	Financial	Depending on inflation variation in the region, cost escalation could be foreseen, however, following the past trend of US\$ appreciating against BTN (national currency), forex gain could offset	х		
<b>Operational</b> ris	sks				
Procurement (goods/serv- ices)	Procurement	NIE and executing agencies have well established procurement norms adapted as part of the World Bank procurement processes, therefore, no risk is foreseen	X		
Disbursemen- ts	Financial	Delays in disbursements	X	NIE and executing agencies have well established service delivery schedule and standards to ensure timely disbursement, therefore, no risk is foreseen.	•
Communicati- on	Communicat -ion	Lack of communication re: project activities and results	X	The NIE's communication with AF and as well with the project executing agencies can be well executed as the project will have a designated communication officer.	L
Planning and reporting (stakeholder consultation)	Program Management	Lack of accountability internal systems	х	The NIE has an established periodic         planning and reporting schedule through a         designated focal person for each         component.         Further, the project has established         stakeholder engagement plan defining         specific roles and responsibilities of all         stakeholders	
	Program Management	Implementation risks due to COVID-19	Х	As per the Royal Government's health Reports protocol, community gathering and meetings are allowed within certain	

Page 80 of 108

COVID-19		Description of risk: Due to the Covid-19 pandemic and the restrictive measures put in place may hamper the timely implementation of the projects. For instance, consultation meetings with the community and other stakeholders might be restricted. Further, travel may also be restrictive depending on the covid-19 situation in future. Since Bhutan is an import dependent country and if the Covid-19 situation persists, import of key materials for the implementation of the project may be delayed.		meetings are allowed within certain thresholds. The consultative meetings and participation can be conducted in groups while adhering to health protocols and also ensuring community participation. Imports are facilitated and given that this is a government priority project, implementing agencies can take it up with the National Covid-19 Task Force on expediting the import of materials if required. Starting from 4 July 2022, the Royal Government of Bhutan has lifted all restrictions with gradual reopening of all borders and tourism from 23rd of September 2022 without any quarantine requirements for fully vaccinated people.
-Technical capacity	Program management	All agencies involved have adequate and qualified human resources. Certain specific technical capacity may be required for enhancement of knowledge and skills for enhancement of project implementation	X	Capacity building programs will be put in place as part of the project, to reinforce specific aspects in terms of capacity.
-Information Technology	Knowledge management	Lack of capacity related to poor IT systems	х	Both at NIE and Executing levels, the information technology facilities are well established.
-Legal identity	Administrat- ive	Lack of determination of individuals, companies or government entities that participate in the project may lead to impediments during implementation (e.g., delays in payments)	X	The NIE was established under the Royal Charter. The government as the executing agency, the project already has the legal identity and no issue is foreseen. All project stakeholders need to demonstrate they operate under a recognized legal entity.

Table <u>10</u>9: Risk management matrix

## C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy of the Adaptation Fund.

During the participatory assessment of proposed project activities and associated environmental and social safeguards as well as gender issues, a series of local level stakeholder consultations were held from 29th May to 13th June, 2022. Officials from the Gross National Happiness Commission (the DA); BTFEC (the NIE); UNCDF (in capacity of Advisor to BTFEC and as Lead Prodoc developer); the Engineering Division of DoA and National Soil Service Center of DoA participated in these consultations. The WMD of the DoFPS and the MoWHS were represented by the relevant forestry divisions in the field and by the Dzongkhag Engineering Sectors respectively. Local stakeholders included representatives of local governments, community leaders and men and women from the project areas (See Section L of Annex 2 and Annex 3).

The assessment included:

- 1. Consultation of key stakeholders, and vulnerable groups, including gender
- 2. Assessment of project sites and activities in compliance with the Environmental and Social Policy and Gender Policy.

Furthermore, participants at these consultations were subjected to focus group discussions as well as individual opinion on risks as guided by a list of questions related to the 15 AF safeguards principles. The results of these participatory assessments were used to determine project ESS category and to define measures to mitigate or minimize the potential risks. This is present in Table 10.

AF Principles	Assessment	Impact	Likelihood	Significance
		(1 -5)	(1-5)	(L/M/S/H)
COMPLIANCE WITH THE LAW (7 questions)	Lack of awareness on some provisions of Water Act, Land Act, National Environment Protection Act may cause non-compliance to the provisions of the act by project beneficiaries. Lack of clarity in proportion of water allocations to different types of users at local level could cause conflicts within communities at the local level and may risk noncompliance to the Water Act.	3	1	L
ACCESS AND EQUITY (8 questions)	Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. Similarly, new settlers may face accessibility issues as they have not been members of WUAs in the past. Emergence of commercial activities could marginalize rural households.	3	2	М
MARGINALIZED AND VULNERABLE GROUPS (5 questions)	Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association. However, there are social norms that to mitigate such risks	3	1	L

*Table 110: Project screening and categorization (For details see Table 4, ESMP in Annex 2)* 

Page 82 of 108

AF Principles	Assessment		Likelihood (1-5)	Significance (L/M/S/H)
HUMAN RIGHTS (1 question)	The constitution of Bhutan ensures human rights as a fundamental right to every citizen in Bhutan. Risk on this remains low.	( <b>1 -5</b> ) 3	1	L
GENDER EQUALITY AND WOMEN'S EMPOWERMENT (3 questions)	Due to availability to water, there could be increased agriculture activities and farm workload; Fallow lands would be cultivated; and increase in household chores. However, trend in use of more mechanization would offset the workload and overall, there would be positive impact. For instance, ferrying manure to agriculture fields, traditionally done by women are now performed by men driving power tillers. Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may face challenges of project accessing benefits.	3	3	М
CORE LABOUR RIGHTS (7 questions)	Contractors may not fully comply with labor laws and standards in employing workers, establishing appropriate working conditions or may adopt differential work compensation between men and women or may employ children. Inadequate arrangement of temporary worker camps could pose health and hygiene risk to workers Some project sites pass through stretches of steep slope and difficult terrain which could expose workers to safety risks.	4	2	М
INDIGENOUS PEOPLES (4 questions)	Not Applicable	1	1	L
INVOLUNTARY RESETTLEMENT (6 questions)	The layout of pipes for irrigation and drinking water passes through some private land. However, loss of land or income is not foreseen as the pipes will be laid underground. Project activities do not involve land acquisition.	4	1	L
PROTECTION OF FORESTS AND NATURAL HABITATS (5 questions)	The project activities do not pass through any protected, prohibited or restricted areas. However, clearing works for access route to transport materials along water lines may cause minor site-specific disturbances to local forest but will not involve conversion of forest land use. Also trenching work for underground layout of water pipe lines will involve disturbances forest soils although such	3	2	М

Page 83 of 108

AF Principles	Assessment	Impact	Likelihood	Significance	
•		(1-5)	(1-5)	(Ľ/M/S/H)	
	disturbances will be temporary and limited to		, <i>, ,</i>		
	pipe alignment.				
	Some activities requiring restoration of cleared				
	sites through plantation could potentially have				
	adverse impacts if non-native plants are used				
	for replantation.				
CONSERVATION	The project activities do not pass through any				
OF BIOLOGICAL	protected, prohibited or restricted areas				
DIVERSITY (4	× 1.1 .1 .01.1.1				
questions)	Increase cultivation of high-income verities		-		
	may increase risk of neglecting native verities.	3	3	М	
	Withdrawal of water from natural sources				
	without adequate environmental flow could				
	pose risk of disturbing local aquatic life				
CLIMATE	Heavy rains and resulting local soil erosions				
CHANGE (3	could harm project assets.	3	2	М	
questions)	1 0				
POLLUTION	With assured irrigation water, intensification of				
PREVENTION &	agriculture activities such as increased				
RESOURCE	vegetable cultivation could risk farmers				
<b>EFFICIENCY (9</b>	adopting use of limited chemical fertilizers				
questions)	leading to soil pollution				
	• • · · · · •	2	2		
	Inappropriate waste at temporary worker	3	2	М	
	camps in project sites may result in risk of				
	limited desecration of natural landscapes				
	Minor excavation works and ground clearance				
	will cause limited disturbances to local soil and				
	vegetation				
PUBLIC HEALTH	Migrant workers with unknown medical and				
(5 questions)	travel history could risk transmission of				
	diseases that are not prevalent in the project	3	2	М	
	areas to local communities and among project				
	workers and staff				
PHYSICAL AND	Project workers form outside may not be aware				
CULTURAL	of local cultural/sacred sites and may cause				
RESOURCES/HE	unintentional damages.				
RITAGE (3					
questions)	Where cultural sites are observed in the project	3	1	L	
	areas, cultural clearance are sought for project				
	activities as a standard practice. The clearance				
	document defines terms and conditions that				
	enable avoidance of any harm on such assets.				

Page 84 of 108

AF Principles	Assessment	Impact (1-5)	Likelihood (1-5)	Significance (L/M/S/H)	
LANDS AND SOIL CONSERVATION (5 questions)	Clearing works for access route to transport materials along water lines as well a trenching for water lines may cause minor site-specific disturbances to soil structure. Site specific soil erosions could be triggered by heavy rainfalls on steep slopes at these sites. Weak pipe joints of water conveyance pipe and may lead to frequent burst of pipes and leakages triggering minor local soil erosions	4	2	М	
Following project risk identification through participatory process and screening of the project risks by each activity and output (using 76 risk screening questions that are relevant to 15 AF ESS principle, project overall Project Risk Category has been determined as Category B since the overall significance of project risks is Moderate likely impact from such risks are minor, site specific and manageable.					

## D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.

The project results as outlined in the project results framework will be monitored and evaluated periodically during the project implementation to ensure the project results are achieved effectively. Project level monitoring and evaluation will be undertaken in compliance with the BTFEC requirements as outlined in its Monitoring and Evaluation Manual & Handbook. While these BTFEC requirements are not outlines in this project document, BTFEC will work with relevant project stakeholders to ensure that BTFEC M&E requirements are met in a timely fashion and to high quality standards. Additionally mandatory AF specific M&E requirements will be undertaken in accordance with the AF <u>Evaluation Framework</u> and other relevant AF policies. The results of M&E will be to provide project updates, risk assessments and any project change required. In summary, M&E will provide answers to questions, in a systematic way, on the progress and success of the project and its partners in achieving the desired outcomes and outputs.

The BTFEC will hire a dedicated M&E Officer for the project who will be responsible for data collection, compilation, and monitoring and reporting of the project, as well as operational support and additional assistance in the design and implementation throughout the project, adjusting project outcomes and activities according to a changing context. It is important to remain flexible to and learn from inevitable unforeseen changes in the operational landscape using an adaptive management approach. The M&E officer will also monitor and ensure compliance to AF's environmental, social and gender safeguards and policies.

Reporting will take place on a quarterly and annual basis in accordance with Adaptation Fund standards. The monitoring and reporting plan involve an iterative approach to collecting data and improving the project design. The project will commence following an inception workshop with local and national stakeholders, the NIE team and the M&E team assigning and clarifying the project purpose, project roles and responsibilities, and addressing any outstanding barriers to implementation.

Page 85 of 108

The project's comprehensive M&E framework will meet and exceed AF's Minimum Standards on Environmental and Social Safeguards approved in November 2013 and revised in March 2016, the Adaptation Fund's policy, and drawing on the <u>NIE's safeguards</u> formalized under the Accreditation process.

Considering all existing standards, including but not limited to, M&E Manual, ESS and Gender Equity, the key outputs for Monitoring and Evaluation (M&E) are:

- Semi-annual M&E visits conducted
- Semi-annual M&E reports prepared
- External evaluator hired for conducting mid-term evaluation
- Terminal evaluation conducted by NIE and external evaluator

In addition, under the supervision of the NIE's Governance and Audit Committee (GAC), an internal auditor shall be contracted to carry out the following tasks:

- Objectively assess IT and/or operational processes
- Assess the EE's risks and the efficacy of its risk management efforts
- Ensure that the EE is complying with relevant laws and statutes
- Evaluate internal control and make recommendations on how to improve
- Identifying shortfalls or gaps in processes
- Promote ethics and help identify improper conduct
- Assure safeguards
- Investigate fraud
- Communicate the findings and recommendations

On annual basis, an external audit shall be conducted by the RAA with an objective to:

- providing reasonable assurance that they are presented fairly and in conformity with applicable accounting principles/standards that they reflect true representation of the expenditure incurred and financial position.
- expressing an opinion on the effectiveness of the design and operation of project.
- reducing information risk that financial reports are biased, misleading, inaccurate, incomplete, and contain material misstatements.

Budgeted	M&E Plan	
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Sl. no	Activity	Responsibility	Budget (US\$)
1	Inception Workshop	BTFEC	15,000
2	Project Board Meetings Bi-annually	BTFEC, PMU	9,600
3	Adaptation fund secretariat learning missions/site visits	BTFEC, Adaptation Fund Secretariat	NA
4	Mid-term review tracking tools to be updated before Mid-Term Review	BTFEC, MoAF, MoWHS,	10,000
5	Mid-term review	BTFEC	45,000
6	Terminal Evaluation of the project	BTFEC	40,000
7	Addressing social and environmental grievances	Implementing entities, PMU and BTFEC	to be charged to project budget
8	Technical Advisory Group meetings (bi-annually).	Implementing entities, PMU and BTFEC	9,600
9	Supervision and monitoring of activities	PMU, BTFEC	30,000

## E. Project Results Framework

Project Results	Indicator(s)	Baseline	Target(s)	Means of Verification	Risks and Assumptions		
Project Objective: To build resilience to climate change and adaptive capacity of water stressed communities							
To build resilience to climate change and adaptive capacity of water stressed communities	No. of direct beneficiaries	0	36,464(19,249 male and 17,215 female)	Total number of people of the gewogs identified as project sites as per dzongkhag record.			
To build resilience to climate change and adaptive capacity of water stressed communities	No. of indirect beneficiaries	0	139,661(72,441 male and 67,220 female)	Identified dzonkhags beneficiaries for			

				project landscape activities		
To build resilience to climate change and adaptive capacity of water stressed communities	Total land area brought under effective management	0	21,252 ha (202 Ha- SLM and 21,049- watershed)			
Component 1:	Adaptive management of	daptive management of watersheds for enhanced community resilience to climate change				
Outcome 1: Increased watershed and ecosystem resilience in response to climate change and variability- induced stress	Total land area brought under effective watershed management	0	21,049 Ha	Total area under watershed, wetland management and spring revival in watershed management intervention report at WMD		
Output 1.1: Watershed management intervention measures implemented	No of watersheds intervened	One watershed management plan in Dagana developed	Watershed management interventions developed and implementations initiated	Record of watershed management intervention measures developed and implemented at WMD		
Output 1.2: Payments-for- Ecosystem Services (PES) schemes scaled-up	No of PES Schemes explored and established	one each PES schemes established in Paro and Tsirang	One PES scheme will be explored and established if feasible	PES agreement	Stakeholders' willingness to participate	
<u>Output 1.3:</u> Water sources' recharge interventions adopted	No of water sources revived	One water source revival site operational in Paro	Interventions Strengthened and adopted for 9 drying water sources	Field visits and reports	Difficult terrain may escalate cost	
Output 1.4: Wetlands monitoring system established for informed decision-making	No of significant wetlands inventoried and monitoring system put in place	N/A	One wetland monitoring system in place	Record of monitoring system	Limited technical knowledge	

Component 2:	Climate-resilient water infrastructure for uninterrupted supply of water for drinking and irrigation				
Outcome 2: Improved access to irrigation and safe drinking water	No. of households benefitted with climate resilient 24x7 drinking and irrigation water	N/A N/A	3168 households (drinking water) 282 households (irrigation)	Annual Progress Report	

<u>Output 2.1</u> : Climate- and disaster-resilient drinking water infrastructure established	Number of climates and disaster resilient drinking water system constructed	0	3 water supply schemes	Annual Progress Report	Construction difficulty due to terrain.
Output 2.2: Capacity building of Engineers in Climate Resilient water supply infrastructures	Number of Engineers and technicians trained	0	30 Engineers and Technicians (50% women).	Training attendance/ Certificate	Unforeseen lockdown/ movement restriction/ covid 19 protocols
<u>Output 2.2</u> : Climate- and disaster-resilient irrigation infrastructure established	Number of climate and disaster resilient irrigation scheme constructed	0	3 Nos. of irrigation scheme	Annual Progress Report	Construction difficulty due to terrain.
Output 2.3: Innovative technology for tapping water adopted	No. of households with climate-smart drinking water technology adopted	0	65 acres 19 household (65 acres)		
Output 2.4: User groups in the community strengthened for effective management of irrigation and drinking water	No. of Water User Associations formed, trained and formally registered with Gewog Administrations.	<u>0</u>	<u>6 WUA</u>	Registration certificate	
	Proportion of households and local institutions enlisted as members of <u>WUA</u>	<u>0</u>	100%	WUAs register maintained at Gewog Office	
	Proportion of women WUA office bearers (executives)	<u>11%</u>	<u>30%</u>	<u>WUAs register</u> maintained at Gewog Office	
	WUAs are governed by inclusive Articles of association which are available in gewog offices	No	Yes	All WUA Articles of association defines community exemptions and	

Page 89 of 108

available in gewog offices		exemptions and conditions of exemptions; right of access to water by all and water allocation framework	

Component 3:	Climate-smart agriculture (CSA) through sustainable land management and informed agrometeorological services						
Outcome 3: Improved food security and livelihoods	Percentage of target households with stable and climate resilient livelihood sources	NA	Target population report food and income availability improved by 20%	Sample household survey; Midterm and end of the project impact report	All project beneficiaries participate and adopt project interventions		
Output 3.1: SLM in vulnerable and degraded areas implemented	Total area brought under SLM practices	NA	500	Annual project progress report; Mid-term and end of project report	Availability of appropriate machines for land development; Willingness of the beneficiaries to take up SLM; No major landslide and flashfloods that would damage the investments made in SLM		
	Percentage of women participants in participatory action planning and field based specialized training on SLM	NA	60% women	Gender Action Plan Monitoring Report Training Report			
Output 3.2: Climate change information, products produced and disseminated	Number of climate products generated	NA	Advisories issued on a weekly basis during critical growing periods.	Annual project report; Midterm and end of project report	Improved weather forecasting with better lead time made available by NCHM		

Page 90 of 108

Sensitization of agro-met services in project areas completed	Number of participants	NA	At least 50% of the participants are women	Annual project report; Midterm and end of project report	Female participant not willing to participate
Component 4:	Improved local governance for effective CCA mainstreaming with focus on water management at the				

	grassroots				
Outcome 4: Strengthened CCA mainstreaming and	Number of LGs effectively	NA	All 13 Gewogs in the project sites have	Local annual development plans;	Support and guidance from
water governance at the local level	mainstreaming CCA and gender in LG plans, programmes and activities.		effectively mainstreamed CCA and gender in local annual and FYP	LG FYPs; Key informant interviews; Project progress	central agencies.
	and activities.			reports.	

Page 91 of 108

Output 4.1: Institutional mechanisms in Local Governments strengthened for CCA and gender mainstreaming in LG plans, programmes and activities Output 4.1: Institutional functionaries and communities trained on CCA investment and mainstreaming tools, frameworks and approaches	Basic awareness for CCA and gender mainstreami ng exists among LGs but lack tools and training for effective mainstreami ng	LG functionaries including identified communities of 13 project Gewogs have been trained on CCA investment and mainstreaming tools, frameworks and approaches	Key informant interviews; Project progress reports.	Support and guidance from central agencies.
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## F. ALIGNMENT WITH THE RESULTS FRAMEWORK OF THE ADAPTATION FUND

Project Outcomes	Project Outcome Indicators	AF Outcome	AF Outcome Indicators
Outcome 1: Increased watershed and ecosystem resilience in response to climate change and variability-induced stress		AF Outcome 5: Increased ecosystem resilience in response to climate change and variability- induced stress	AF Outcome Indicator 5: Ecosystem services and natural resource assets maintained or improved under climate change and variability-induced stress
Outcome 2: Improved access to irrigation and safe drinking water		AF Outcome 4: Increased adaptive capacity within relevant development sector services and infrastructure assets	AF Outcome Indicator 4.2: Physical infrastructure improved to withstand climate change and variability-induced stress
Outcome 3: Improved food security and livelihoods		AF Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas	AF Outcome Indicator 6.1: Percentage of households and communities having more secure access to livelihood assets AF Outcome Indicator 6.2: Percentage of targeted population with sustained climate-resilient alternative livelihoods
Outcome 4: Improved CCA mainstreaming and water governance at the local level		AF Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	AF Outcome Indicator 3.1: Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses AF Outcome Indicator 3.2: Percentage of targeted population applying appropriate adaptation responses

Output 1.1: Watershed management intervention measures implemented	AF Output 5: Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability	AF Output Indicator 5.1: No. of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type and scale)
Output 1.2 <u>:</u> Payments-for- Ecosystem Services (PES) schemes scaled-up	AF Output 5: Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability	AF Output Indicator 5.1: No. of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type and scale)
Output 1.3: Water sources' recharge interventions adopted	AF Output 5: Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability	AF Output Indicator 5.1: No. of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type and scale)
Output 1.4: Wetland monitoring system for informed decision making established.	Output 7: Improved integration of climate-resilience strategies into country development plans	Output 7.1 No. of policies introduced or adjusted to address climate change risks (by sector)
Output 2.1: Climate- and disaster- resilient drinking water infrastructure established	Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to climate change impacts, including variability	4.1.2. No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by sector and scale)
Output 2.2: Climate and disaster resilient irrigation infrastructure established	Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to climate change impacts, including variability	4.1.2. No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by sector and scale)
Output 2.3: Innovative technologies for tapping water adopted	Output 8: Viable innovations are rolled out, scaled up, encouraged and/or accelerated.	8.1. No. of innovative adaptation practices, tools and technologies accelerated, scaled-up and/or replicated
Output 2.4: User groups in the community strengthened for effective management of irrigation and drinking water	AF Output 3.2: Strengthened capacity of national and sub- national stakeholders and entities to capture and disseminate knowledge and learning.	3.2.1 Number of technical committees/ associations formed to ensure transfer of knowledge.
Output 3.1: SLM in vulnerable and degraded areas implemented	AF Output 6: Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	AF Output 6.1: No. and type of adaptation assets (tangible and intangible) created or strengthened in support of individual or community livelihood strategies

Output 3.2: Climate change information, products and services made available and accessible	AF Output 2: Strengthened capacity of national and sub- national centers and networks to respond rapidly to extreme weather events	AF Output 3.2: No of tools and guidelines developed (thematic, sectoral, institutional) and shared with relevant stakeholders.
Output 4.1: Institutional mechanisms in local level strengthened for CCA and Gender mainstreaming.	Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities.	3.1.1: No. of news outlet in news outlets in local press and media that have covered the topic.

## LIST OF TABLES FOR REPORTING ADAPTATION FUND CORE IMPACT INDICATORS

Ada	Formatted Table				
Date of Report	5 <sup>th</sup> September 20	)22			
Project Title	Adaptation to C Bhutan	imate-induced Water Stresses	s through Integrated Landsca	pe Management in	
<u>Country</u>	Bhutan				
Implementing Agency	Bhutan Trust Fu	nd for Environmental Conserv	vation		
Project Duration	01 January 2023	-31 December 2028			
	<u>Baseline</u> (absolute number)	<u>Target at project</u> <u>approval</u> <u>(absolute number)</u>	Adjusted target first year of implementation (absolute number)	<u>Actual at</u> completion <sup>7</sup> (absolute number)	
Direct beneficiaries supported by the project	<u>0</u>	<u>36,464 (19,249 male,</u> <u>17,215 female)</u>			
Female direct beneficiaries		<u>17,215</u>			
Youth direct beneficiaries		<u>6,828</u>			

Page 94 of 108

Indirect beneficiaries supported by the project	<u>0</u>	<u>1,39,661 (72,441 male, 67,220 female)</u>	
Female indirect beneficiaries		<u>67,220</u>	
Youth indirect beneficiaries		<u>17,669</u>	

Adaptation Fund Core Impact Indicator "Assets Produced, Developed, Improved, or Strengthened"						
Date of Report	5 <sup>th</sup> September 2022					
Project Title	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan.					
<u>Country</u>	Bhutan					
Implementing Agency	Bhutan Trust Fund for Environmental Conservation					
Project Duration	01 January 202	3-31 December 2028				
	Baseline	IselineTarget at project approvalAdjusted target first year of implementationActual at 				
Sector (Agriculture and water management)						

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Page 95 of 108

Targeted Asset				*		Formatted: Indent: Before: 0"
<u>1) Health and Social</u> Infrastructure <i>(developed/improved)</i>						
2) Physical asset						
(produced/improved/strengthened)						
a. Number of Climate resilient Rural Drinking Water Supply Produced	<u>0</u>	<u>3</u>				
b. Number of Climate resilient irrigation schemes Produced	<u>0</u>	1				
Changes in Asset (Quantitative or						
qualitative depending on the asset)		100 1234				Formatted: Font: Italic, Font color: Black, Complex Script Font: Italic
a. Length of Climate resilient Rural Drinking Water Supply produced	<u>0</u>	<u>106 KM</u>		•		Formatted: List Paragraph,List Paragraph1,Table/Figure Heading,En tête 1,List Paragraph (numbered (a)),Lapis
b. Length of Climate resilient irrigation schemes produced	<u>0</u>	<u>9 KM</u>		•		Bulleted List,Dot pt,F5 List Paragraph,No Spacing1,List Paragraph Char Char Char,Indicator Text,Numbered Para 1,Bullet 1,List Paragraph12,Bullet Points,L, Don't add space
<u>c. Length of Climate resilient</u> irrigation schemes strengthened						between paragraphs of the same style, Numberd + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 0.1" + Indent at: 0.35"
		<u>16.5 KM</u>				Formatted: Font: Italic, Font color: Black, Complex Script
						Formatted: Left, After: 0.14", Space After: 0 pt, Don't add
Adaptation Fund C	ore Impact Indi	cator "Natural Assets Protec	ted or Rehabilitated"	•		space between paragraphs of the same style, Line spacing: single, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 0.1" + Indent
Date of Report 5 <sup>th</sup> September 2022						at: 0.35"
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Project Title	in Bhutan	Climate-induced Water Stress t	mough integrated Landsca	<u>pe management</u>		Formatted Table

<u>Bhutan</u>

**Country** 

Implementing Agency	Bhutan Trust Fund for Environmental Conservation						
Project Duration	01 January 2023-31 December 2028						
	<u>Baseline</u>	<u>Target at</u> project approval	Adjusted target first year of implementation	<u>Actual at</u> <u>completion</u>			
Natural Asset or Ecosystem (Land and Water)							
<u>Change in state</u> <u>1. Area brought under Sustainable</u> Land Management practices (ha)	<u>0</u>	<u>202 Ha</u>					
2. Areas of watershed rehabilitated/protected.	<u>0</u>	<u>21,049 Ha</u>					
<u>Total number of natural assets or</u> <u>ecosystems protected/rehabilitated</u>		<u>21,251 На</u>					

# G. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

## **Detailed implementation budget per Component:**

Output	Activities	Budget (USD)							
		Year 1	Year 2	Year 3	Year 4	Year 5	Total per Activity		
Component 1: Adapt	Component 1: Adaptive management of watersheds to enhance climate resilience of communities								
Output 1.1 Watershed management intervention	Activity 1.1.1 Conduct sensitization and awareness workshops (13 Gewogs to be sensitized)	10,790	0	0	0	0	10,790		

Page 97 of 108

	Activity 1.1.1 Conduct sensitization and awareness workshops (13 Gewogs to be sensitized)	10,790	0	0	0	0	10,790
	Activity 1.1.2 Training of community members and LG officials on the implementation of identified watershed management interventions	0	10,790	0	0	0	10,790
Output 1.1 Watershed management intervention measures	Activity 1.1.3 Conduct watershed assessment at the project site, including the watersheds along the proposed pipeline	0	5,080	0	0	0	5,080
implemented	Activity 1.1.4 Develop watershed management intervention measures for the proposed areas (five sites plus along the proposed pipeline: at least one plan per dzongkhag- minimum of four)	0	0	11,380	0	0	11,380
	Activity 1.1.5 Implement identified intervention measures	0	0	0	130,000	142,000	272,000
	Subtotal Output 1.1	10,790	15,870	11,380	130,000	142,000	310,040
	Activity 1.2.1 Conduct community consultations and sensitizations	2,500	0	0	0	0	2,500
Output 1.2 Payments-for-	Activity 1.2.2 Hands-on training workshops in the management of PES schemes (1 training)	0	2,500	0	0	0	2,500
Ecosystem Services (PES) schemes scaled-up	Activity 1.2.3 Conduct detailed resource assessment and inventory	0	6,000	0	0	0	6,000
	Activity 1.2.4 PES scheme development and implementation based on the feasibility analysis	0	0	2,500	5,000	2,500	10,000
	Sub-total Output 1.2	2,500	8,500	2,500	5,000	2,500	21,000

Page 98 of 108

	Activity 1.3.1 Training workshops on water source recharge interventions with field demonstration (one per site) and awareness and sensitization	3,333	3,333	3,334	0	0	10,000
Output 1.3 Water sources' recharge	Activity 1.3.2 Identification of recharge areas and designing water source revival activities following the spring shed management protocol	15,000	15,000	15,000	0	0	45,000
interventions adopted	Activity 1.3.3 Implementations of water source revival activities	0	45,000	45,000	45,000	0	135,000
	Activity 1.3.4 Monitoring and maintenance of conservation /restoration activities	0	0	1,250	2,500	3,000	6,750
	Sub-total Output 1.3.	18,333	63,333	64,584	47,500	3,000	196,750
	Activity 1.4.1 Conduct mapping of wetlands for the project Dzongkhags using remote sensing, including training	0	0	10,000	0	0	10,000
Output 1.4 Wetland monitoring system for informed	Activity 1.4.2 Field data collection and mapping (all project Dzongkhags)	0	0	20,000	0	0	20,000
decision-making established	Activity 1.4.3 Field exercise for Data Quality Assurance and Quality Control	0	0	0	3,000	0	3,000
	Activity 1.4.4 Data compilation and analysis, feeding decision making mechanisms	0	0	0	0	5,000	5,000
	Sub-total output 1.4	Ø	0	30,000	3,000	5,000	38,000
Total Component 1		31,623	87,703	108,464	185,500	152,500	565,790
Component 2: Clima	te resilient water infrastructures for	r uninterrupted	l supply of w	ater for drink	king and irrig	ation	
Output 2.1 Climate and disaster resilient drinking water	Activity 2.1.1. Construction of three Drinking Water Supply Schemes	2,351,067	1,763,300	1,586,970	176,330	0	5,877,667

Page 99 of 108

Total Component 2	te-smart agriculture through sustain	3,114,400	2,311,853	1,822,990	224,950	18,620	7,492,81
drinking water	Sub-total Output 2.4	0	12620	12620	12620	12620	5048
Output 2.4: User groups in the community strengthened for effective management of irrigation and	Activity 2.4.1 Form and strengthen formal/registered WUAs and groups in the communities at scheme level to promote local ownership and sustainability of schemes	0	12,620	12,620	12,620	12,620	50,48
adopted	Sub-total Output 2.3	0	0	8400	5600	0	140
Output 2.3 Innovative Technologies for tapping water	Activity 2.3.1. Build water harvesting structures or small- scale reservoirs to tap water for irrigation	0	0	8,400	5,600	0	14,0
	Sub-total Output 2.2	763,333	535,933	207,500	22,900	6,000	1,535,6
infrastructure established	Activity 2.2.4. Tailwater management	0	4,500	4,500	0	0	9,0
	Activity 2.2.3. Scale up micro- irrigation system (drip & sprinkler)	6,000	6,000	6,000	6,000	6,000	30,0
Output 2.2: Climate and disaster resilient irrigation	Activity 2.2.2. Re-engineering/ rehabilitation or improvement of two existing irrigation systems	225,333	152,100	169,000	16,900	0	563,3
	Activity 2.2.1. Construction of pressurized/closed irrigation systems (gravity)-Lajab	532,000	373,333	28,000	0	0	933,3
	Sub-total Output 2.1	2,351,067	1,763,300	1,594,470	183,830	0	5,892,6
Output 2.1 Climate and disaster resilient drinking water infrastructure established	Activity 2.1.2. Professional Development of engineers in Climate Resilient Water Supply Infrastructure	0	0	7,500	7,500	0	15,0
	Activity 2.1.1. Construction of three Drinking Water Supply Schemes	2,351,067	1,763,300	1,586,970	176,330	0	5,877,6

Page 100 of 108

<b>Output 3.1</b> SLM in vulnerable and	Activity 3.1.1 Participatory SLM action planning and sensitization to validate key SLM interventions	3767	0	3767	0	0	7,534.00
	Activity 3.1.2 Implementation of SLM measures-terracing, contour hedgerows, stone bunding	140,000	93,334	93,333	140,000	0	466,667.00
	Activity 3.1.3 Technical assistance and support to communities on the implementation of SLM practices in the field	2,740	1,370	1,370	1,370	0	6,850.00
degraded areas implemented	Activity 3.1.4 Field -based and specialized training to farmers and agriculture extension staff on SLM technologies	10,274	0	10,274	0	0	20,548.00
	Activity 3.1.5 Monitoring and Evaluation of SLM Interventions	1,096	1,096	2,192.00	1,096.00	0	5,480
	Activity 3.1.6 Documentation, knowledge Management (KM) and experience sharing platforms.	0	0	10,958	0	16,437	27,395.00
	Sub-total Output 3.1	157,877	95,800	121,894	142,466	16,437	534,474
<b>Output 3</b> .2 Climate change information, products and services made available and	Activity 3.2.1 Agro-met advisory bulletins appropriately packaged and disseminated timely through appropriate channels	4,401	4,401	4,401	4,401	4,401	22,005
	Activity 3.2.2 Incorporation of area specific weather and crop data in ADSS	10,000	0	10,000	0	0	20,000
accessible	Activity 3.2.3 Professional development of agro-met focal points based in ARDCs and Central Programmes	0	21,429	0	21,429	0	42,858

	Activity 3.2.4 Knowledge management and communication activities	0	1,786	1,786	1,786	1,786	7,144
	Activity 3.2.5 Sensitization, awareness and capacity development on agro-met services for researchers, extension and farmers	10000	0	10000	0	0	20,000
	Activity 3.2.6 Development of crop suitability and feasibility maps	5000	0	5000	0	5,000	15,000
	Sub-total Output 3.2	29,401	27,616	31,187	27,616	11,187	127,007
То	Total Component 3		123,416	153,081	170,082	27,624	661,481
Component 4: Impro	oved local governance for effective (	CCA mainstrea	ming with fo	cus on water r	nanagement a	it the grassro	oots
Output 4.1: Institutional mechanism in LGs strengthened for CCA and gender mainstreaming	Activity 4.1.1. Conduct professional development programme for LGs on CCA investments, mainstreaming tools, frameworks and approaches related to irrigation, water management, SLM, CCA and gender.	20,000	20,000	20,000	15,000	0	75,000
	Activity 4.1.2. Carry out M&E of CCA and gender mainstreaming in LG plans, programmes and activities.	5000	5000	5000	3991	0	18991
	Sub-total Output 4.1	25,000	25,000	25,000	18,991	0	93,991
Total Component 4		25,000	25,000	25,000	18,991	0	93,991
Total Direct Cost		3,358,301	2,547,972	2,109,535	599,523	198,744	8,814,075
Project execution cost (PMU)		114,510	101,610	101,610	101,610	101,610	520,950
Total (Direct + PMU cost)		3,472,811	2,649,582	2,211,145	701,133	300,354	9,335,023
PCM Fee charged by the Implementing Entity		132,786	132,786	132,786	132,786	132,786	663,930
	Grand total	3,605,597	2,782,368	2,343,931	833,919	433,140	9,998,955

Page 102 of 108

#### **Budget Notes**

SN.	Component 1 (total \$565,790)
	Conduct sensitization and awareness workshops (13 Gewogs to be sensitized) @ \$830 -\$10,790
	Training of community members and local officials on implementation of identified watershed management interventions in project Dzongkhag @ \$3596.7 -\$10,790
1	Conduct watershed assessments in the project site including the watersheds along the proposed pipeline @\$846.7 - \$5,080
1	Development of watershed management intervention measures for the proposed areas (five sites plus along the proposed pipeline) (at least one plan per dzongkhag) @ \$2,276 -\$11,380
	Implementation of identified intervention measures in six sites @\$45,333 -\$272,000
	Sub-total - \$ 310,040
	Conduct community consultations and sensitizations in three project Dzongkhags @ \$ 833.3 - \$2,500
	Hands-on training workshops in the management of PES schemes - \$2,500
2	Conduct detailed resource assessment and inventory -\$6,000
	PES scheme development and implementation based on the feasibility-\$10,000
	Sub-total \$21,000
	Training workshops on water source re-charge interventions with field demonstration in six sites @ \$ 1666.7 - \$10,000
	Identification of recharge areas and designing water source revival activities following spring shed management protocol @ \$15,000 in three Dzongkhags-\$45,000
3	Implementations of water source revival activities @ 22,500 -\$135,000
	Monitoring and maintenance of conservation /restoration activities in three project Dzongkhags @ \$2250 - \$6,750
	Sub-total \$196,750
	Conduct training and mapping of wetlands for the project Dzongkhags using remote sensing \$3333.3 -\$10,000
	Field data collection and mapping (Drakepangtsho & Dhaptsho) @\$10000 -\$20,000
4	Field exercise for Data Quality Assurance and Quality Control-\$3,000
	Data compilation and analysis, feeding decision making mechanisms-\$5,000
	Sub-total \$38,000

Page 103 of 108

	Sub-total \$38,000
	Component 2 (total \$7,492,813)
_	Contractual services for Construction of 3 Drinking Water Supply Schemes including cost of equipment and materials (transmission lines and distribution network of approximately 106kms, intakes and reservoirs for 3 drinking water schemes: \$5,877,667
5	Workshops, capacity building and trainings for 30 engineers (50% woman): \$15,000
	Sub-total \$5,892,667
	Contractual services for construction of pressurized/closed irrigation systems (gravity) including material costs, equipment and labor cost of 12 kms at unit cost @ \$ 77,777.75 -\$ 933,333
6	Contractual services for Re-engineering/ rehabilitation or improvement of 2 existing irrigation systems of 11.4km @ unit cost of \$49,415.2 - \$ 563,333
	Procurement of equipment and capacity building for water management systems (Drip & sprinkler, tailwater) -\$ 39,000
	Sub-total \$ 1,535,666
	Conduct assessment, surveys and designs of the irrigation water schemes -\$ 14,000
7	Form and strengthen water user associations and groups in the communities at scheme level to promote local ownership and sustainability of schemes -\$ 50,480
	Sub-total \$ 64,480
	Component 3 (total \$661,481)
	$\mathbf{r}$
	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534 Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534 Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480         Documentation, knowledge Management (KM) and experience sharing platforms -\$ 27,395
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480         Documentation, knowledge Management (KM) and experience sharing platforms -\$ 27,395         Sub-total \$534,474
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480         Documentation, knowledge Management (KM) and experience sharing platforms -\$ 27,395         Sub-total \$534,474         Agro-met advisory bulletins appropriately packaged and disseminated timely -\$ 22,005
	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480         Documentation, knowledge Management (KM) and experience sharing platforms -\$ 27,395         Sub-total \$534,474         Agro-met advisory bulletins appropriately packaged and disseminated timely -\$ 22,005         Incorporation of area specific weather and crop data in ADSS -\$ 20,000
8	Participatory SLM action planning and sensitization to validate key SLM interventions in project -\$ 7,534         Contractual services including hiring of equipment and labor costs for SLM interventions-terracing, contour hedgerows and landslide stabilization measures (500 Acres)- \$ 466,667         Technical assistance and support to communities on the implementation of SLM practices in the field \$ 6,850         Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge -\$ 20,548         Monitoring and Evaluation of SLM Interventions -\$ 5,480         Documentation, knowledge Management (KM) and experience sharing platforms -\$ 27,395         Sub-total \$534,474         Agro-met advisory bulletins appropriately packaged and disseminated timely -\$ 22,005

	Sensitization, awareness and capacity development on agro-met services to researchers, extension and farmers -\$ 20,000
	Development of crop suitability and feasibility maps - \$15,000
	Sub-total \$127,007
	Component 4 (total \$93,991)
10	Conduct capacity development training for LGs on CCA investment and mainstreaming tools, frameworks and approaches related to irrigation, water management, SLM, CCA and gender - \$75,000
	Carry out M&E of CCA and gender mainstreaming in LG plans, programs and activities -\$18,991
	Project Execution Cost (\$520,950)
	Activities supervision9 \$3,000 annually - \$15,000
	Other project related travel costs \$4,610 annually- \$23,050
	Individual contract services for 4 officers for 5 years (\$60,000 Plus 2*\$16,000*5 =\$160,000) and 1 officer through RGoB -\$220,000
11	PMU officer furniture -\$3,000
11	Procurement of IT equipment for project staffs-laptops, printers, IT accessories, software, etc - \$9,900
	Stakeholder consultations and knowledge exchange programs (including US\$ 100,000 for ESG safeguard and grievance redressal, Project Board meetings bi-annually-9,600, Technical Advisory Group meeting bi-annually-\$9,600) with the community members and the project implementers. Capacity building of engineers, project component implementers and local government officials - \$250,000
	PCM Fee charged by the Implementing Entity (\$663,930)
	Compensation/remuneration for project staffs in supporting Executing Entities and reporting to AF for the project period–( $22,235$ /years) = $111,175$
	M&E Officer (\$14,243/year) - \$71,215, ESG Expert (\$16,122/year) - \$80,610, Mid-term evaluation - \$45,000, Terminal Evaluation-40,000, In country monitoring travel (\$3,000/year) - \$15,000 = \$251,825
12	Mobility \$42,680 POL & maintenance \$1,800/year- \$9,000, accounting software annual maintenance cost (\$2,500/year)- \$12,500, Office Stationery (\$2,400/year) - \$12,000, Utilities (\$2,200/year) - \$11,000, rental (\$3,000/year)-\$15,000 = \$102,180
	Office equipment & furniture = \$27,250
	NIE Capacity Building- \$12,000/year = \$60,000
	Semi-annual internal auditing - \$25,000 and annual auditing services- \$12,500 = \$37,500
	Inception Workshop-\$15,000, Update of mid-term review tracking tool-\$10,000, Stakeholder workshop for learning, experience sharing and dissemination of learnings (\$ 9,800 annually)-\$49,000 =\$74,000

#### H. Include a disbursement schedule with time-bound milestones.

Schedule date	Jan-Dec23	Jan-Dec24	Jan-Dec 25	Jan-Dec26	Jan-Dec27	Total
Direct cost	3,358,301	2,547,972	2,109,535	599,523	198,744	8,814,075
Execution cost	114,510	101,610	101,610	101,610	101,610	520,950
NIE cost	132,786	132,786	132,786	132,786	132,786	663,930
Total cost	3,605,597	2,782,368	2,343,931	833,919	433,140	9,998,955

# PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A.	Record of endorsement on behalf of the government <sup>35</sup>	
	Wangchuk Namgay (Mr.)	I
	Officiating Secretary and/or Chief Program Coordinator	I
	Development Cooperation Division	I
	Gross National Happiness Commission Secretariat	

Date: 5<sup>th</sup> August, 2022

#### B. Implementing Entity certification

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans with reference to the following acts, rules, guidelines, etc: • Forest and Nature Conservation Act 1995,

- Forest and Nature Conservation Act 1995,
   Forest and Nature Conservation Rules and
- Regulations of Bhutan 2017,
- PES Framework for Bhutan 2015,
- Bhutan Drinking Water Quality Standards 2016 and Wetland Inventory Framework.
- Agriculture Land Development Guidelines (ALDG) 2017 of the Ministry of Agriculture & Forests Implementation Modalities for Agriculture Land

Development and Fallow Land Reversion, circulated to all the implementers vide letter No. DOA/ARED/Adm-01 /2019 dated 30thSeptember, 2019

- Soil Conservation Manual (SCM), 2019 of the NSSC, Department of Agriculture, MoAF
  - Land Act 2007,
- Bhutan Water Policy 2008
- Water Act of Bhutan 2011
- Water Regulation of Bhutan 2014.
- ALDG 2017.
- Labor Employment Act, 2007.
- The Local Governance Act, 2009.

• The National Gender Equality Policy 2019. and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the</u> <u>project/programme in compliance with the</u> <u>Environmental and Social Policy of the</u> <u>Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

<sup>&</sup>lt;sup>35</sup> Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

<i>E_signature in pdf file</i>								
Singye Dorji,								
Off	îcer In-charge							
Implement	ing Entity Coordinator							
	Tel. and email:							
Date: August, 08, 2022	Landline: +975 2 339861							
	Mobile no: +975 17999777							
	email: singye@bhutantrustfund.bt							
Project Contact Person: Dorji								
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Landline: +975 2 339861								
Mobile no: +975 77606162								
email: dorji@bhutantrustfund.bt								

Page 107 of 108

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GNHC/DCD/AF-DA/2022-2023/ 1544

The Adaptation Fund Board c/o Adaptation Fund Board Secretariat Email: Secretariat@Adaptation-Fund.org Fax: 202 522 3240/5

# Subject: Endorsement for the project "Adaptation to Climate -induced Water Stresses through Integrated Landscape Management in Bhutan."

GNHCS presents its compliments to the Adaptation Fund Secretariat in its conveyance of support towards Bhutan's climate action and helping the mobilization of investments towards climate change priorities of the country.

In my capacity as the Designated Authority to the Adaptation Fund; I confirm that the above project proposal is in accordance with the Royal Government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Bhutan. It further complements the country's priorities in the water sector.

Accordingly, I am pleased to fully endorse the above project scale-up Grant Proposal with the support from the Adaptation Fund. If approved, the project will be implemented by the Bhutan Trust Fund for Environmental Conservation (BTFEC) and executed by the Department of Agriculture, Ministry of Agriculture and Forests.

Thanking you,

Yours Sincerely,

W.Nom

(Wangchuk Namgay) Officiating Secretary Designated Authority

Copy to:

- 1. Hon'ble Secretary, Ministry of Agriculture and Forests, for kind information.
- 2. Officer-In-Charge, BTFEC (NIE) for kind information.



# Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan

**Gender Analysis and Action Plan** 

**Bhutan Trust Fund for Environmental Conservation** 

# Abbreviations and Acronyms

AF	Adaptation Fund
BTFEC	Bhutan Trust Fund for Environmental Conservation
CEDAW:	Convention on Elimination of All Forms of Discrimination Against Women
DoFPS:	Department of Forest and Park Services
DPO:	Dzongkhag Planning Officers
FGD:	Focus Group Discussion
FYP:	Five Year Plan
GAP:	Gender Action Plan
GDP:	Gross Domestic Product
GGI:	Gender Gap Index
GII:	Gender Inequality Index
GNH:	Gross National Happiness
HDI:	Human Development Index
KPI:	Key Performance Indicators
MoAF:	Ministry of Agriculture and Forest
MoLHR:	Ministry of Labour & Human Resources
NCWC:	National Commission for Women and Children
NKRA:	National Key Result Areas
PHCB:	Population and Housing Census
SDG:	Sustainable Development Goals

# List of Glossary

Dzongkhag:DistrictGewog:County, consisting of a block or villagesChiwog:A group of householdsTshogpas:Chiwog Representatives

# **Table of Content**

1.	PROJECT INFORMATION	5
2.	PROJECT OBJECTIVE	5
3.	OBJECTIVE OF GENDER ANALYSIS	5
4.	NATIONAL LAWS, POLICIES AND REGULATIONS ON GENDER	5
<b>5.</b> 5.1 5.2	GENDER POLICY OF AF AND BTFEC BTFEC'S GENDER EQUALITY STRATEGY FRAMEWORK GENDER POLICY OF THE ADAPTATION FUND	8
<b>6.</b> 6.1 6.2 6.3 6.4 6.5	OVERALL GENDER EQUALITY SITUATION IN BHUTAN EMPLOYMENT BY GENDER REPRESENTATION OF WOMEN IN THE CIVIL SERVICE REPRESENTATION OF WOMEN IN POLITICAL DECISION-MAKING BODIES WOMEN IN THE JUDICIARY ACCESS TO EDUCATION	10 11 11 12
7. 7.1 7.2 7.3 7.4 7.5: 7.6 7.7	GENDER ASSESSMENT IN PROJECT AREA	14 17 18 19 21 23
<b>8.</b> 8.1 8.2	RECOMMENDATIONS AND ACTION PLAN GENERAL RECOMMENDATIONS SPECIFIC RECOMMENDATION	25
9.	IMPACT OF PROJECT ON PEOPLE	29
11	GENDER ACTION PLAN	30
12.	GAP COMPLIANCE MONITORING	33

# 1. Project Information

1.	Project Title	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan
2.	Project Grant Amount (US\$)	9,998,955
3.	Grantor Agency	AF
4.	Location (Global/Region/Country)	Bhutan (Dagana, Paro and Tzirang districts
5.	Project Start Date	January 2023
6.	Project End Data	February 2028
7.	Implementing Entity (NIE)	Bhutan Trust Fund for Environmental Conservation (BTFEC)
8.	BTFEC Focal Strategic Areas	Mitigating and adapting to climate change

# 2. **Project Objective**

The main objective of the project is "to build resilience to climate change and adaptive capacity of water-stressed communities in the Dzongkhags of Paro, Dagana and Tsirang". This will then support implementation of the "National Water Flagship Program".

# 3. Objective of Gender Analysis

The aim of gender analysis is to provide an overview on gender issues in Bhutan, highlight gender situation in the project areas, specific to water resources and water management and to recommend gender specific activities to address issues related to the project. The analysis was based on available secondary data from various studies conducted by the Royal Government of Bhutan and development partners and information collected during the project preparation phase. This gender analysis was used as a basis to prepare the Gender Action Plan (GAP) which is annexed to this report. The GAP recommends grounded and practicable gender-responsive interventions to be implemented during the implementation period of the project.

# 4. National laws, policies and Regulations on Gender

Bhutan is signatory to the Convention on Elimination of All Forms of Discrimination (CEDAW) and the Convention on the Rights of the Child (CRC).

Bhutan signed the Universal Declaration on Human Rights as well as the UN Charter in 1971; the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) in 1980 and ratified in 1981; The Convention on the Prevention and Combating of Trafficking of Women and Children for Prostitution of the South Asian Association for Regional Cooperation (SAARC) was signed in 2002. Being party to these international frameworks, reflect Bhutan's commitment towards realizing gender equality and empowerment. The National Commission for women and children (NCWC) was established in 2004 as the nodal agency for protecting the rights of women and children and spearheads its fulfilment to CEDAW and other regional and international conventions. It coordinates with government agencies to ensure gender equality and mainstreaming in policies and programs. For example, every ministry and Dzongkhag has a gender

focal person who is expected ensures gender equality and elimination of discrimination against women.

The Constitution of Bhutan, under Article 7, ensures fundamental rights, which are intrinsic in ensuring gender equality. Article7(15) provides that "All persons are equal before the law and are entitled to equal and effective protection of the law and shall not be discriminated against on the grounds of race, sex, language, religion, politics or other status." This provision underscores the right to equality of women. Article 7(6) provides "A Bhutanese citizen shall have the right to vote." This provision is important not only because it is a political right of women to participate in the selection of their central and local governments but more so because it empowers Bhutanese women. This right empowers women to express their freedom, a freedom that entails choice. Article 7(11) provides Bhutanese women right to equal pay for work of equal value, especially when the principle of equal pay for work of equal value around the globe remains elusive. Article 9, section 17 on Principles of State Policy states: "The State shall endeavour to take appropriate measures to eliminate all forms of discrimination and exploitation against women including trafficking, prostitution, abuse, violence, harassment and intimidation at work in both public and private spheres".

The Labour and Employment Act, 2007, provides for favourable working conditions for pregnant and nursing mothers, and equal pay for work of equal value. The Act emphasizes that there should not be discrimination based on sex against employees or job applicants in connection with recruitment, dismissal, transfer, training and demotion.

The Local Government Act 2009, similarly, does not differentiate between sexes, as all registered Bhutanese are eligible for office, if they fulfil set criteria. However, one of the criteria includes a certain level of education, which is disadvantageous for women as they are on average less educated than men.

The Penal Code of Bhutan has dedicated an entire chapter, Chapter 14, to criminalize various degrees of sexual harassment, rape, and physical and verbal abuses.

Bhutan's Inheritance Act of 1980 guarantees equal inheritance rights to men and women. Traditional inheritance practices in Bhutan favour of inheritance to daughters and as a result, proportion of rural women holding land registration titles are higher than men.

The *Loan Act of 1981* determines that women are eligible to possess land and collateral for getting a loan.

The *amended Land Act of 2007* establishes that the minimum age for registering land is 18 years for both women and men.

The *Domestic Violence Prevention Act of Bhutan, 2013,* covers the prevention of physical, sexual, psychological and economic and emotional violence.

The *Disaster Management Act, 2013* provides for establishment and strengthening of institutional capacity for disaster management, the mainstreaming of disaster risk reduction, and for integrated and coordinated disaster management focusing on community participation. It underlines the

importance of women's participation in making decisions related to disaster management and risk reduction.

*The 12th FYP*, with its overall for a. "Just, Harmonious and Sustainable Society through enhanced Decentralization", outlines gender responsive priorities such as: Eradicating Poverty and Reducing Inequality; Creating Productivity and gainful employment; Access to quality Health Services; Improving the quality of Education; Strengthening Democracy and Decentralization; Reducing Corruption; Improving Justice System and Promoting Gender Equality. Gender mainstreaming in national plans in Bhutan was initiated with the 10th FYP. It started with the adaptation of guidelines to mainstream gender into all planning aspects to elevation as one of the 16 National Key Result Areas for the 11th Five-year Plan. In the ongoing 12 FYP, recognized gender as a cross- cutting theme and advocates all ministries, agencies and concerned sectors to address gender gaps by integrating into their plans and programs based on gender analysis. This Plan also has "Gender Equality and Women and Girls Empowered" as a National Key Result Area with key performance indicators and targets that will measure women's representation in Parliament.

*The Third National Communication of Bhutan (TNC)* to UNFCC, 2019 recognizes that there are also several areas in where women are at a disadvantage compared to men, such areas being, politics and decision-making, tertiary education and economy, with rural women being more vulnerable.

*The National Gender Equality Policy (NGEP) 2020* explores gender equality through the lens of three domains i.e., political, social and economic. The policy aims to:

- (i) Provide a coherent strategic framework for the Government's priorities on gender equality;
- (ii) Strengthen accountability and operational strategies to address priority gender issues; and
- (iii) Facilitate deeper collaboration across sectors and stakeholders towards a common vision of gender equality.

Statement 5.9 of the NGEP establishes the link to climate change and envisages mainstreaming gender in all disaster and climate change related initiatives through acknowledgment of the differential impacts of disasters and climate change on women and men, and the positive roles that women can play in adaptation and mitigation efforts and to improve gender friendly infrastructure and facilities in the rural areas.

The NGEP Implementation Plan (2020) further identifies actions for statement 5.9, as follows:

- i. Assess gender differentiated capacity needs and develop a gender responsive capacitybuilding strategy for climate change actions;
- ii. Develop capacity of Gender Focal Points (GFPs, GEGs, MRGs, C4 and LGs) on mainstreaming gender and NDC targets into sectoral policies, plans, programmes and projects;
- iii. Conduct a gender assessment of selected NDC sectors;
- iv. Develop gender mainstreaming toolkit for selected NDC sectors; and

v. Prepare local adaptation plans including support needs, based on complete gender analysis that take into account the needs of rural women.

The National Plan of Action for Gender Equality or the NPAGE (2019-2023) outlines strategies to promote gender equality in the political, public, social and economic domains. It seeks to address gender issues across 10 critical areas and for each of these areas, the progress, gaps and challenges, as well as result- based actions are identified. Critical Area 10 of the NPAGE is 'Environment and Climate Change'. The action plan recognizes the gender dimensions of environment and climate change; acknowledges that the extensive environmental legal framework and strategies in place are not adequately gendered; and that the lack of awareness, resources and appropriate institutional framework are still an issue.

*Gender Focal Points (GFPs)* and *Gender and Child Focal Points (GCFPs)* have been instituted in the Ministries, Dzongkhags, CSOs and private sector with gender mainstreaming as coordinating entities and drivers for gender mainstreaming. The GFP plays very diverse roles, such as awareness-raising and sensitization on gender issues and initiatives to create gender friendly and enabling workplace.-The GFPs are supported and trained by the NCWC. According to the ADB report, 83 government officials (33 women, 50 men) and 62 private sector representatives (43 women, 19 men) were appointed as GFPs as of 2015, and they were expected to participate in training on gender mainstreaming<sup>30</sup>. Currently, 24 GCFPs are active in 20 Districts and 4 Municipalities (7 females, 17 males), and 32 GFPs at central level (16 females, 16 males); totalling to 56 focal persons in total.<sup>31</sup>

# 5. Gender Policy of AF and BTFEC

# 5.1 BTFEC's Gender Equality Strategy Framework

The BTFEC's Gender Equality Strategy Framework defines the process for Gender Analysis in a project to include Gender roles and activities; access and control over resources; legal and political considerations and Social and cultural patterns. The frameworks require BTFEC's projects to be gender-sensitive in project planning, design, implementation, monitoring and post-evaluation.

# 5.2 Gender Policy of the Adaptation Fund

The Gender Policy of Adaption Fund recognizes that women and girls are often disproportionally affected by climate change as its negative impacts are aggravated by existing gender inequality and systemic and structural patterns of discrimination and social exclusion, which also reduce the effectiveness of sustainable development and poverty alleviation measures. The policy aims to address existing gender-based inequalities and close existing gender gaps; provide women and men with an equal opportunity to participate in, contribute to and benefit from Fund-supported activities to adapt to climate change impacts and interlinked challenges; address and mitigate against assessed potential project risks for women and men, girls and boys in relation to concrete adaptation actions financed by the Fund; contribute to addressing the knowledge and data gaps on

<sup>&</sup>lt;sup>30</sup> Survey of Country Gender Profile (Kingdom of Bhutan), JICA, 2017

<sup>&</sup>lt;sup>31</sup> RGoB, National Commission for Women & Children, Gender & Climate Change in Bhutan with a focus on Nationally Determined Contribution Priority Areas: Agriculture, Energy and Waste, 2020

gender-related vulnerabilities and to accelerate learning about effective gender-equal adaptation measures and strategies; meaningfully integrate the experiences, capabilities by following a gender-responsive, participatory, inclusive and fully transparent approach to stakeholder engagement for effective adaptation measures.

The policy's key guiding principles include

- *Commitment* to uphold women's human rights and to contribute to gender equality and the empowerment of women and girls strive to devote the necessary resources, capacities, technical support to implement the gender policy effectively.
- *Comprehensiveness in scope and coverage* which requires application of the policy to all its adaptation activities, operational processes through project -specific gender assessment and Gender Action Plan;
- *Accountability* through integration of quantitative and qualitative gender monitoring for project impacts and gender-disaggregated data collection
- *Competencies* through consideration of relevant gender expertise to enhance capacity to understand and implement the Fund's gender policy
- *Resource Allocation* requiring all projects and programmes to allocate and budget adequate resources for the implementation of gender integration efforts
- *Knowledge management and communications* requiring documentation and sharing of experiences and knowledge gained through implementation of gender-responsive adaptation actions

# 6. Overall Gender Equality Situation in Bhutan

The literacy rate for women, which stands at 63.9 percent, is lower than that for men, which is 78.1 percent in urban areas (PHCB 2017). This translates into lower levels of female participation in formal employment and high public office. The document outlines that majority of the population are still directly dependent on agriculture and as more men tend to out-migrate from rural to urban areas seeking employment and work for wages, women are mostly required to work in the field to support the children and elderly in the rural areas. Hence women are most vulnerable to the impacts of climate change and have limited capacity and resources to adapt as many settlements in the country faces acute shortages of water for drinking and irrigation exacerbated by changing monsoon patterns and decreasing snow cover.

Bhutan's Human Development Index (HDI) value increased from 0.572 to 0.607, between 2010 and 2015, which was an increase of 0.6%<sup>1</sup>. The HDI value of 0.607, placed the country under the medium human development category, positioning it at 132 out of 188 countries and territories<sup>2</sup> However, with respect to Gender Inequality Index (GII), Bhutan's stood at 0.477 ranking it 110<sup>th</sup> out of 159 countries in 2015. The GII reflects gender-based inequalities in three dimensions: reproductive health, empowerment and economic activity <sup>3</sup>. Women hold only 8.3 % of parliamentary seats, 5.8% of adult women have at least a secondary level of education compared to 13.4% of their male counterparts. For every 100,000 live births, 148 women die from pregnancy

<sup>&</sup>lt;sup>1</sup>UNDP 2016, Briefing Note Bhutan Human Development Report

<sup>&</sup>lt;sup>2</sup>Ibid <sup>3</sup> Ibid

related causes and the adolescent birth rate is 21.4 births per 1000 women of ages 15-19. Female participation in the labour market is 58.7% compared to 78.3% for men<sup>4</sup>

The National Gender Equality Policy, 2019 recognizes that gender differences are visible in climate change vulnerability, participation in climate change decision-making and action, and diverse levels of benefit-sharing. As male out-migration increases, the responsibilities and roles of women become more difficult and working conditions deteriorate. The policy also recognizes that women in Bhutan perform 71 percent of unpaid household and care work. Because of all their roles and responsibilities, rural women are more vulnerable to the effects of climate change, and they are more affected than men when climate- induced disasters hit.

The 2015 Labour Force survey reported that there were 159,919 women labor contributors compared with 184,574 men with the labor force participation rate of 71.2 percent for males and 55.9 percent for females. The quality of jobs held by women tends to be inferior to that of men, as women work in low-paying sectors such as agriculture and forestry, which accounts for 30.5 percent of female work-force. NCWC's Bhutan Gender Policy Note 2013 states that a number of analyses consider household and community factors affecting girl's participation and performance, including housework responsibilities and incidence of early pregnancies. Although women account for 35.3 percent of the total civil service, only 10 percent (25 women to 228 men) hold executive and specialist positions.

# 6.1 Employment by gender

Agriculture sector employs the majority of Bhutanese population (58 percent). Over 30 percent of those engaged in agriculture are women (See Table 3).

Major Economic Activity	Male	Female	Total
Agriculture and Forestry	27.5	30.5	58.0
Mining and quarrying	0.5	0.1	0.5
Manufacturing	2.8	3.7	6.5
Electricity, Gas and Water Supply	0.6	0.2	0.8
Construction	1.5	0.3	1.8
Whole Sale and Retail Trade	3.2	4.6	7.8
Hotels and Restaurants	1.1	1.2	2.3
Transport, Finance and Communications	3.3	0.3	3.7
Financial Intermediation	0.5	0.2	0.7
Real Estate, Renting and Business Activities	0.7	0.3	0.9
Public Administration and Defense Activities	7.4	1.8	9.2
Education	1.7	1.6	3.3
Health and Social Work	2.9	1.9	4.0
Private Households and Employed Persons	0.0	0.5	0.6
Total	53.6	46.6	100.0

 Table 3. Percentage share of employed persons by major activity and gender, 2018

Source: MoLHR, Labour Force Survey, 2018

#### 6.2 Representation of women in the civil service

Although women account for 35.3 percent of the total civil service, only 10 percent (12 out of 128) of the positions in executive and specialist category are held by women (See Table 4).

Ministries	Ex & ES		P & M		S & S		OS	
	М	W	М	W	М	W	М	W
Ministry of Agriculture and Forest	39	4	439	104	1542	469	261	10
Ministry of Health	11	1	248	129	419	365	95	29
Ministry of Finance	9	1	212	136	365	150	53	22
Ministry of works and human settlement	9	0	167	39	228	124	103	9
Ministry of Home and Cultural Affairs	9	1	110	39	238	147	49	11
Ministry of Information and Communications	6	0	101	49	207	75	50	4
Ministry of Economic Affairs	12	0	141	62	134	90	49	2
Ministry of Labour and human Resources	7	1	107	48	118	74	31	4
Ministry of Education	4	2	90	42	26	45	23	5
Ministry of Foreign Affairs	10	2	75	29	23	26	34	5
Total	116	12	1690	677	3300	1565	748	101
Proportion of women	10	%	26	5%	32	2%	6 11%	

Table 4: Civil Servants by Ministries, Position and Gender

*Source: Annual report, 2019, RCSC.* Ex = Executive, ES = Executive Specialist, P&M = Professional & Management category, S&S = Supervisory and Support Category, OS = Operational category; W = Women; M = Men)

#### 6.3 Representation of women in political decision-making bodies

Bhutan has given due importance to increasing women's participation in development activities, elected offices and decision-making positions. Key legal and policy frameworks have been adopted to ensure women's full and equal participation in the political, civil, economic, social, and cultural life. The National Plan of Action for Gender (NPAG), which was implemented in the 10th Five-Year Plan, reinforced the promotion of women's participation in politics, and identified interventions and targets for enhancing women's participation in politics. The 12<sup>th</sup> Five-Year Plan, which was launched in 2018, has "Gender Equality and Women and Girls Empowered" as a National Key Result Area with key performance indicators and targets that will measure women's representation in Parliament and local government. Women's rights to equal political and public participation, and the broader principle of gender equality, form a critical component in several declarations, conventions and other international norms.

The first national conference for women, held in 2014, stated that in the 2016 local government elections and 2018 parliamentary elections, the number of elected women should be increased by reserving 20 to 50 seats for women parliamentarians. Reserving seat for women were not taken well by many men and women and hence the government is now focused on education, creating awareness, and conducive capacity building for women to contest in elections. Although the proportion of women representation in political sphere has seen some increase since 2008, the proportion of representation are much lesser than actual proportion of women in the. Population.

	2008			2013			2018		
Year	Total	No. of Women	Women (%age)	Total	No of Women	Women (%age)	Total	No of Women	Women (%age)
National Assembly (elected)	47	4	8.5	47	4	8.5	47	7	14.9
National Council (elected)	20	4	20	20	0	0	20	2	10
National Council (appointed)	5	2	40	5	2	40	5	2	40
National Council (Total)	25	6	24	25	2	8	25	4	16
Parliament (Total)	72	10	13.8	72	6	8.3	72	11	15.3

Table 5: Women's representation in the National Assembly and National Council, 2008-2018

Source: Statistics from Election Commission of Bhutan, 2018

### 6.4 Women in the Judiciary

While women's representation in the judiciary has increased over the years, the ratio of women to men judges decreases at higher levels in the system. At the initial stages of the judicial career the gender gap is narrower with 47 percent of women registrars. However, the gaps become wider at the higher positions with women consisting of only 25 percent of *Drangpon Rabjams (Asst. Judge)* and 22 percent of *Drangpons (Judge)*.

Table 6: Proportion of Men and Women Drangpons

Post	Men	Women	Total
Supreme Court Justices including the Chief Justice of Bhutan	4	1	5
High Court Including the Chief Justice of High Court	7	0	7
Registrar General	1	0	1
Dzongkhag Drangpons (District Judge)	21	6	27
Dungkhag Rabjams (Sub district Asst. Judge)	17	0	17
Drangpon Rabjams (Asst. Judge)	6	2	8
Court Registrars	9	8	17
National Judicial Commission	3	1	4

Source: Royal Court of Justice, 2019

#### 6.5 Access to education

Monastic education, which was imparted solely to male population pre-1950s, provided an undue advantage to males in religious and politico-social areas.

With modern education system gaining its foothold in Bhutan, increasing number of girls have had access to education despite several impediments like girl child having to stay back at home to look after younger siblings, take care of the house, domestic animals and old and sick. Furthermore, parents preferred male child leaving the house to go for higher education and matrilineal inheritance pattern obliged property holder to stay back and take care of the inheritance which generally were women. However, over the last few decades, enrollment levels have increased significantly for girl child with virtually equal participation by girls and boys.

Year	Female	Male	Total
2008	77585	79527	157112
2009	81468	82794	164262
2010	84962	85443	170405
2011	86873	87074	173947
2012	89428	88931	178359
2013	86482	85909	172391
2014	86641	85752	172393
2015	86331	85071	171402
2016	85580	83980	169560
2017	84803	83289	168062
2018	84643	82465	167108
2019	84738	82048	166786
2020	87051	83755	170806

Table 7: Growth in School Education Enrolment (2008-2020)

(Source: Annual Education Statistics 2020)

The school enrolment data show that the female students comprised of 49 percent in 2008 (77585 females out of 157,112 students). This has improved to 51 percent in 2020 (87,051 of 170,806 om 2020. Table 8 show that enrolment o females students in higher education relate to Science, Technology, Engineering and Mathematics (STEM) has improved from 31 percent in 2015 to 41 percent in 2020.

Table 8: Student enrolment trend in the Higher Education (STEM subjects) in Bhutan

	20	20	20	19	2	018	20	)17	20	16	2	015
Institute	F	Μ	F	Μ	F	Μ	F	Μ	F	Μ	F	Μ
College of Science												
&Technology	277	717	272	666	272	788	204	317	285	662	222	566
College of Natural												
Resources	547	422	558	433	320	347	639	681	204	317	149	389
Gyalpozing College												
of IT	112	143	122	142	40	39	40	41	0	0	0	0
Jigme Namgyal												
Engineering												
College	206	488	223	498	290	599	261	565	261	565	180	557
Faculty of Nursing												
& Public Health	236	250	245	224	228	201	186	151	186	151	213	209
Faculty of												
Traditional												
Medicine	34	45	38	53	35	54	36	47	36	47	24	40
Faculty of PG												
Medicine	21	28	14	22	9	21	0	0	0	0	0	0
Reldri Academy of												
Health Sciences	0	0	26	6	35	17	36	17	36	17	0	0
Sub-total	1433	2093	1498	2044	1229	2066	1402	1819	1008	1759	<b>788</b>	1761

Source: (State of Higher Education of Bhutan, 2020)

#### 7. Gender Assessment in project area

The legal and political considerations and Social and cultural patterns are captured through secondary data sources. The project preparation process carried out a participatory gender

assessment in the project areas to assess Gender roles and activities; access and control over resources.

#### 7.1 Stakeholder consultations and participatory assessment

Project specific stakeholder consultation meetings were organized in April, 2021 in all the three Dzongkhags – Paro, Tsirang and Dagana. Participants comprised of relevant Dzongdas (Governors), Dzongrabs (Deputy Governors), Planning Officers, Dzongkhag Environment Officers, Dzongkhag Engineers, Gender Focal persons of the three districts, Dzongkhag Agriculture Officers, Territorial Forestry officials, local government representatives, representatives of the rural and urban communities comprising of men and women and officials from the BTFEC. Consultations focused the background of the proposed project, project components and activities, BTFEC and AF standards, discussion on water governance and institutes, water source and watershed management, installation of climate resilient water infrastructure and management, enhancement and efficient sustainable supply and distribution as well as utilization of water and gender roles in project activities. These consultations were held in the following locations as follows (See Table 9). The check list of participants in these consultations is presented in Annex 3.

In June, 2022 local stakeholder consultations were further held in project gewogs to include actual beneficiary communities and stakeholders. In these consultations, issues related to the project activities, gender and social and environmental risks specific to project activities were identified and mitigation measures discussed. These consultations enabled identification of gender issues that need project interventions were identified. These interventions form main components of gender action plan.

Dzongkhag	Gewogs	Location of consultations, dates and Remarks
	12 Gewogs of Dorona,	Location and date;
	Drujeygang, Gesarling, Gozhi,	Dagana Dzongkhag for Kana and Tsesa gewogs from
	Kana, Khebisa, Largyab,	14-15 April, 2021
	Nichula, Tashiding, Tseza,	
	Tshangkha, Tshendagang,	Gozhi Gewog centre for other 10 gewogs on 16 <sup>th</sup>
	Karmaling and Lhamoizingkha	April, 2021
	Drujeygang	Location and date:
Dagana		Aibumthang chiwog on. 9th June, 2022
Dagana		
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies
	Lajab	Location and date;
		Thasa Chiwog on 10th June, 2022
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies

Table 9: Location of stakeholder consultations and participating Gewogs

	Tsangkha	Location and date;
	I Saligkila	Tsangkha gewog centre on 11th June 2022
		Tsangkina gewog centre on Trui June 2022
		Participants:
		Community leaders; Dzongkhag officials;
		Community readers, D201gknag officials, Communities; Stakeholder agencies
	Dhopshari, Dokar, Lamgong,	Location; Dopshari from 20 <sup>th</sup> to 21 <sup>st</sup> April, 2021
	Naja and Shaba	Location, Dopshari nom 20 to 21 April, 2021
	Doteng, Dopshari, Lamgong	Logation and data
	and Tsento gewogs	Location and date; Dopshari Gewog Center on 30th May, 2022
	and Tsento gewogs	Dopshuri Gewog Center on Solit May, 2022
		Participants:
		Turncipanis.
		Community leaders, Dzongkhag officials and
		Stakeholder agencies
	Dopshari, Lungnyi and	Location;
	Wangchang and Dopshari	Dopshari Gewog Center 31 <sup>st</sup> May, 2022
	·····8·····8 ···· - •F•·····	Dopshari Geweg Center 51 May, 2022
		Participants:
		Community leaders, Dzongkhag officials;
		Communities; Stakeholder agencies
	Dopshari and Doteng	Location;
	1 C	Dopshari Gewog Center on 1st June, 2022
		·r····································
		Participants:
		Community leaders, Dzongkhag officials;
		Communities; Stakeholder agencies
	Doteng	Location;
Paro		Doteng Gewog Center on 1st June, 2022
		Participants:
		Community leaders, Dzongkhag officials;
		Communities; Stakeholder agencies
	Lamgong	Location;
		Lamgong Gewog Center on 2nd June, 2022
		Participants:
		Community leaders, Dzongkhag officials;
	Teente	Communities; Stakeholder agencies
	Tsento	Location;
		Tsento gewog center, Jitshiphu on 2nd June, 2022
		Participants:
		Dzongkhag officials; Communities; Stakeholder agencies
	Lungnyi	
	Lungnyi	Location;
		Community center of Lungnyi on 3rd June, 2022
		Danticipants
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies

	XX X 1	T
	Wangchang	Location;
		Wangchang Gewog Center on 3rd June, 2022
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies from local and
		central level
	Shapa	Location;
	1	Shapa Gewog Centre on 3rd June, 2022
		Shupu comog contro on crovano, 2022
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies from local and
		central level
	Triangtoe, Phuentenchhu and	Location;
	Semjong	Tsirang toe Gewog centre for Tsirangtoe on 9 <sup>th</sup> June,
		2021
		Phuentenchhu Gewog centre for Phuentenchhu and
		Semjong Gewogs on 11 <sup>th</sup> June, 2021
		Tsirang Dzongkhag was not included in the project
		concept note. It has been added upon
		recommendations by the GNHC and upon acceptance
		by the Adaptation Fund in May, 2021. Out of the 12
		gewogs the Dzongkhag prioritized inclusion of these
		0 0 0 0
		three gewogs in the project. Component 2 of the
т ·		project will focus on drinking water supplies in
Tsirang		Tsirang
	Public Consultation at	Location;
	Phuentenchu Gewog Centre,	Phuentenchu Gewog Centre, on 7th June 2022
	Tsirang Dzongkhag	
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies from local and
		central level
	Tsirangtoe	Location;
	e e e	Tsirangtoe Gewog Centre on 7th June 2022
		Participants:
		Community leaders; Dzongkhag officials;
		Communities; Stakeholder agencies from local and
		central level

Equality between men and women exists when both sexes are able to share equally in the distribution of power and influence; have equal opportunities for financial independence through work or through setting up businesses; enjoy equal access to education and opportunity to develop personal ambitions. A critical aspect of promoting gender equality is the empowerment of women, with a focus of identifying and redressing power imbalances and giving women more autonomy

to manage their own lives. Women's empowerment is vital to sustainable development and the realization of human rights for all"<sup>5</sup> During these consultations, Focus Group Discussions (FGD) were held with and among different groups of stakeholders to understand gender roles and challenges in water and water resources management at different levels. These FGDs were held in the context of understanding that "Gender Equality implies a society in which women and men enjoy the same opportunities, outcomes, rights and obligations, in all spheres of life.

#### 7.2 Demography by Gender

The proportion of male and female population in the project areas is 53 percent and 47 percent respectively as compared to 51 percent and 48 percent at the national level (See Table 10). The proportion of female population in the project area is slightly lesser than the proportion at the national level.

Sl. No	Dzongkhag	Gewog		Population	
			Male	Female	Total
1		Drujeygang	1,748	1,804	3,552
2	Dagana	Lajab	454	389	843
3		Tshangkha	863	844	1,707
4		Dhopshari	1,590	1,590	3,180
5		Lungnyi	2,015	2,030	4,045
6		Lamgong	1,710	1,626	3,336
7	Paro	Doteng	602	547	1,149
8		Tsento	3,171	2,082	5,253
9		Shaba	3,258	2,683	5,941
10		Wangchang	1,666	1,645	3,311
11		Semjong	721	608	1,329
12	Tsirang	Tsirangtoe	778	692	1,470
13		Phuentenchhu	673	675	1,348
Total proje	Total project area population		19,249	17,215	36,464
% of Male	% of Male & Female population (Project area)			47	
Source; PHCB, 2017					

### Table 10:Population in the project area

<sup>5</sup>Ampumuza, C. et al., 2008, Women Empowerment through tourism, Wageningen University, The Netherlands

The participatory assessment of gender situation revealed the following;

#### 7.3 Participation in water governance

All Gewogs in the project area have a practice of establishing a Water Users Association (WUA) for oversight management of drinking or irrigation water schemes amongst households using water from a facility. The office bearers of these WUAs comprise of Chairperson, Secretary and a Treasurer. Overall women representation comprises of only 11 percent of the office bearers for WUAs in the project area (See Figure 1).

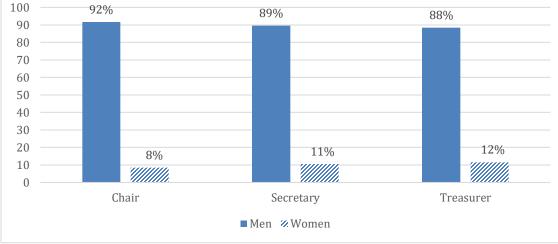


Figure 1: Proportion of women representation in the executive committee of Water Users Association

Source, Field Data collected during stakeholder consultations, June, 2021

Most of these WUAs are recognized by the Gewog Administrations. However, they are not formally registered and members officer bearers of these WUAs needs training in water governance, management and water dispute resolutions. The project should support formal registration of all WUAs as per the Water Regulations of Bhutan, 2014 and ensure with the following information;

- Name and address of the WUA;
- Names of the Chairperson and office bearers (and gender)
- List of users with irrigable land holdings and household members of each user;
- Length and flow volume of the water facility;
- The date of construction and the last maintenance done on the water facility;
- Name and location of the irrigation or drinking water source;
- Whether the Association is for drinking water, irrigation or both; and
- List of other commercial users, if any.

The project should aim to raise the representation in officer bearers of WUAs by women from 11% to 30% by end of the project period.

As per the Bhutan Water Regulations, the WUAs are expected carry out functions related to Protection and conservation of its water source; equitable and fair access to water supply; hear and decide on disputes between or amongst its members relating to water and infrastructure use; Maintain records its members, mechanism for distribution of water, of minutes of its meetings and decisions, books of accounts on the money received and disbursements; made by the Association; Adopt measures for the efficient use of water and determine and adopt water user fees that commensurate with the services; Appoint water guard and coordinate with other Gewogs of authorities.

RWSS Policy, 2014 recognizing that equal opportunities for participation and benefits to the poor, marginal and vulnerable groups are essential for reducing disparities in services and ensuring maximum benefits and impact of facilities, these groups will be identified during the planning of schemes and efforts made to ensure that these groups have access to and benefit from improved water supply and sanitation facilities.

During participatory assessment of gender roles and capacities, the stakeholders identified the need to enable higher level of participation by women in governance and management institutions. Hence, it is proposed that the project should support enabling formal registration of all WUAs in the project areas with enhance participation by women. For this the project should provide capacity building of WUA office bearers in

- Awareness on water act,
- Water regulations,
- Group formation and management,
- Water source sharing,
- Conflict and dispute resolution,
- Labour regulations and Labour Safety,
- Roles and responsibilities of stakeholders in water management,
- o Gender equity in water management,
- Mechanism for distribution of water;
- Innovations for sustainability in water management such as introduction of fees and PES mechanisms,
- Management of WUAs,
- Record keeping

#### 7.4 Water use and management

During the participatory assessment of gender roles in the project areas, participants viewed that usage and management of water largely handled by women at the household level and by men at the Dzongkhag level (See Figure 2 & Table 11). However, at the community level, water usage is mostly handled by women while management is handled largely by men which indicates a disconnect between water users and water managers. This indicates the need for engaging more women in water management roles at the community level. It also indicates that there is a gap between the majority of end users of water, who are largely women, at household levels and decision makers in the management of water at the Community and Dzongkhag levels who are largely men.

Figure 2: Proportion of roles in water use and management at different levels



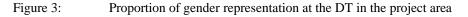
Source, Field Data collected during stakeholder consultations, June, 2021

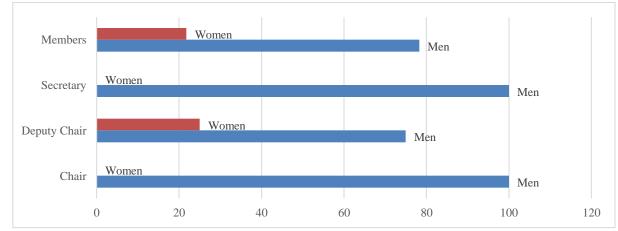
Levels	Use		Manageme	ent
	Men	Women	Men	Women
Household level	40	86	37	87
Community level	58	73	90	41
Dzongkhag level	75	53	93	16

 Table 11:
 Water usage and management at different levels

Source, Field Data collected during stakeholder consultations, June, 2021

Within the project Dzongkhags the Dzongkhag level, 100 percent of Dzongkhag Tshogdu (DT) chairperson; 75 percent of Deputy Chairperson, 100 percent if DTY Secretary and 78 percent of members are men (See Figure 3).





Source, Field Data collected during stakeholder consultations, June, 2021

The situation is still skewed towards men at the Gewog level within the Gewog Tshogde (GT). The representation of women in the GT is 29 percent as compared to 22 percent at the DT level.

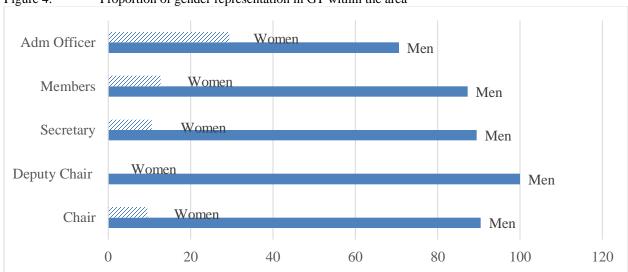


Figure 4: Proportion of gender representation in GT within the area

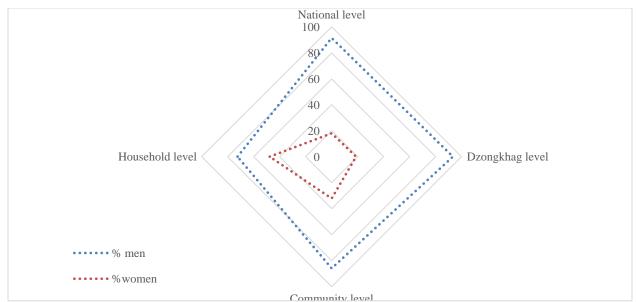
The study showed that there is an urgent need to empower and build the leadership of female farmers, and to enhance their communication skills—so as to strengthen their voice and decision-making abilities in (local) governance and farming decisions, including those related to CSA/CRA.

#### 7.5: Gender roles in water related activities

Men play a greater role in maintenance of water related infrastructure. However, women also take up significant roles in maintenance of infrastructure at community and household levels which indicates the need for enabling participation by women capacity building for water maintenance, use of tools and equipment and in promoting improved tools and technologies in water maintenance at local levels.

Figure 5: Role in maintenance of water infrastructure

Source, Field Data collected during stakeholder consultations, June, 2021



Source, Field Data collected during stakeholder consultations, June, 2021

However, 90 percent of the participants view that men have enjoy better access to training opportunities a than women. Given the significant role that women play in maintenance of infrastructure at the community and local levels, the project support in terms of training opportunities in water infrastructure should include equal participation by women. Women have a greater role in use of water for cooking, cleaning, watering livestock and kitchen gardens as compared to the greater role of men in use of water for field irrigation (See Table 12). In situations where water facilities are not maintained at the local levels, women would land up facing the larger brunt of dealing with lack of water supply and hence would find more value in having skills and capacity for water maintenance. Training women on efficient and economic use of water would also enable efficient utilization limited water resources.

	Gend	er roles
Use of water/Gender	% men	%women
Use of water for cooking	13	95
Use of water for cleaning	15	97
Use of water for livestock	58	67
Use of water for gardening	23	86
Use of water for field irrigation	85	45
Participation in meetings related to water at Dzongkhag level	92	31
maintenance of water infrastructure at catchment level	61	5
- at catchment level	72	2
- at field water distribution lines	56	3
- at Household water connections	42	12
- at main water conveyance lines	74	4
Engaged the most in water related conflicts	42	18
Engaged the most in conflict management/resolution	61	5

 Table 12:
 Gender roles identified by participants in use of water at local level

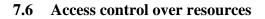
Engaged the most in Implementation of water related projects and		
activities in the village	48	4
Engaged the most in Trainings on water resources	42	10
Engaged the most in WUA meetings	22	22
Engaged the most in WUA meetings		

Source; Field Data collected during stakeholder consultations, June, 2021 and June, 2022

Women lack influence within existing water governance and management institutions, limiting their ability to change the redistribution of power and affect decisions. Training and capacity building would be required for women to engage in public decision making.

Therefore, the stakeholder consultations in gender proposed inclusion of training on practical and technical measures to enable both men and women at grassroots to enhance their skills in water management at local level. The type of skills and capacity required by the stakeholders, as identified during the stakeholder consultations included skills in;

- Water distribution and management
- Efficient/economic use of water
- New applicable technologies in water management,
- Use of maintenance tools and equipment,
- Plumbing and minor maintenance at HH and community level
- Climate resilient and efficient design of water infrastructure



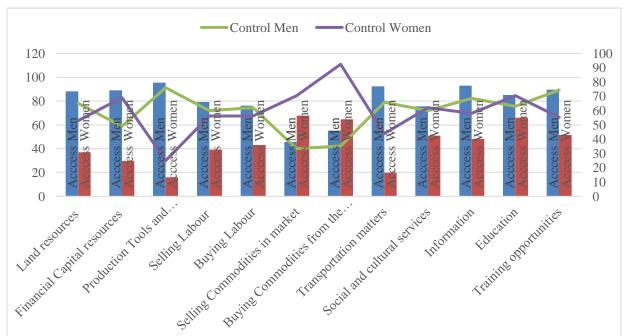


Figure 6: Access and control over resource by gender

Source, Field Data collected during stakeholder consultations, June, 2021

Women largely have a higher level of control over decisions related to buying and selling of commodities. They stand very low in terms of control and access to production tools and equipment, transportation matters, information and training opportunities.

Access to information and training with respect to technology improvements defines who has access to water supplies. Where women have not been trained in the appropriate use of new technologies introduced to improve irrigation systems, they may not only fail to benefit from the improved availability of water. Moreover, if the water supply breaks down and cannot be re-instated quickly due to dependence on men, they may have to shoulder the additional burden of carrying water for uses such as cleaning, cooking, sanitation.

In general proportion of rural women holding land registration titles are higher than men. However, in the project area, access and control over land resources are dominated by men indicating that men play a significantly larger role in decision related to buying and selling of land or in terms of cultivation and use of land resources. Men also play a larger role in irrigating agriculture land except in the case of kitchen garden which is a dominated by women.

Men do have better access to financial capital over women such in in actual spending. However, the control and therefore for decisions related to spending, investments, borrowings or lending are dominated by women (See Figure 6). Therefore, there is a need to enhance this capacity by including women in trainings related book keeping.

A survey on gender and climate change in Bhutan reported that 84 percent of men in Bhutan are aware of climate smart and climate resilient agriculture as compared to only 68 percent of women being aware of the same. It also reported that higher proportion of males enjoy access to information, training and inputs related to climate smart agriculture<sup>6</sup>. The PPG stakeholder consultations in the project areas also observe that men have better access and control over information, tools and training (See figure 6). The fewer opportunities for women relative to men to obtain skill and development training limit their participation in and the benefits they may gain from the use of new water technologies. Therefore, stakeholder consultations and meetings of the project should make concerted effort in creating awareness on impacts of climate change and technologies for improved water management.

# 7.7 Seasonal farming activities

Overall, men and women bear equal responsibilities in agriculture and households work within the farming population. Major works taken up mostly men include ploughing, construction & maintenance works and income earning non-farm contract works. Major works dominated by women include land preparation, farm yard manure and leaf litter collection. Other than these, most of the seasonal agriculture activities are carried out by both men and women (See Table 13). Peak season for agriculture activities happen during Spring, summer and autumn seasons. Among the farming communities, winter season is in the period with minimal farming activities whereby

<sup>&</sup>lt;sup>6</sup> Gender and Climate Change in Bhutan, CNWC, 2020

communities are mostly engaged in either orange harvesting in warmer areas or are engaged in winter crops and vegetable cultivation. For most farmers, winter is characterized by lighter and more festive occasions such as rituals, pilgrimage and marriage ceremonies where men and women participate.

Seasonal activities	Seasons	Men (%)	Women (%)	Both (%)
Ploughing	Spring, Summer, winter	90	(70)	9
Construction & maintenance works	Winter	95	5	0
Contract work	Winter	67	0	33
Field clearing and weeding	Spring	12	37	51
Firewood collection	Winter, Autumn	29	7	63
Food processing/drying	Autumn	0	42	58
Plantation of potatoes, chili, fruit and fodder trees, vegetables, maize	Spring	14	24	62
Gardening	Spring, Summer, Autumn, winter	6	44	50
Guarding against wildlife depredation	Autumn	0	0	100
Harvesting paddy, cardamom, apple, pulses, maize, millet, vegetables	Autumn	7	6	88
Harvesting vegetable, maize, potatoes	Summer	0	3	97
Land and soil development	Spring	34	16	50
Land preparation, FYM, litter collection	Winter	11	58	32
Marketing of farm produce	Autumn	19	32	49
Orange harvesting	Winter	47	0	53
Orchard Management	Spring	38	0	62
Rituals/pilgrimage/Marriage	Winter	5	5	90
Sale of potatoes, chilies, maize	Summer	0	40	60
Sowing of paddy, vegetables, chilies, pulses, cardamom, millet	Summer	4	17	79
Weeding	Spring, Summer, Autumn	7	44	50
Winter crops and vegetable cultivation	Winter	14	8	78
All activities		20	18	62

Table 13: Seasonal farming activities by gender roles

Source; Field Data collected during stakeholder consultations, June, 2022

# 8. Recommendations and Action Plan

#### 8.1 General Recommendations

- 1. Enhance participation by women in project activities, particularly in training and capacity development activities: Support establishment of formal (registered) WUAs through capacity building and enabling formal registration of WUAs. Ensure that 30 percent of officer bearers in these WUAs comprise of women and that all trainings and workshops involving local communities achieve a 30 percent participation by women. The training needs are identified at two levels;
  - **Governance and management covering topics on** Awareness on water act; Water regulations; Group formation and management; Water source sharing,; conflict and dispute resolution; Labour regulations and Labour Safety; Roles and responsibilities of stakeholders in water management; Gender equity in water

management; Mechanism for distribution of water; Water source protection; Innovations for sustainability in water management such as introduction of fees and PES mechanisms; Management of WUAs and Record keeping.

- Climate resilient management and maintenance of water resources and infrastructure covering topics on Water distribution and management; Efficient/economic use of water; New applicable technologies in water management; Use of maintenance tools and equipment; Plumbing and minor maintenance at HH and community level; Climate resilient and efficient design of water infrastructure.
- **2. Formal registration of all WUAs** in the project areas with enhance participation by women.
- **3.** Facilitate women and men's equal participation in and access to benefits from project activities. Support the empowerment and leadership-building of rural women, and their full and meaningful involvement in the water resources and water management. Enable rural women to participate actively in WUAs.
- 4. Plan project activities such as trainings and consultations involving farming communities in winter season.
- 5. Enhance education, and conduct awareness-raising and advocacy on adaptation to climate change through climate resilient water management through training sessions and social media.
- 6. Grievance redress mechanism in place: This mechanism must be put in place at the start of the project and approved by the Project Steering Committee to ensure a formal process for addressing concerns or complaints raised by individuals (particularly women) or groups affected by the project implementation activities. Both concerns and complaints can result from either real or perceived impacts of operations and may be filed in the same manner and handled with the same procedure. Measures should be in place to avert and mitigate conflicts arising out of project implementation including unequal distribution of water.
- 7. Appointment of a Gender Mainstreaming Specialist: The project should hire a Gender Mainstreaming specialist who will have the knowledge of the local context and can work closely with the participating communities to ensure that gender equality and safeguards are fully built into project activities. The expert will identify gaps and support in capacity building and provide training to project staff and key stakeholders. It will be equally important to empower all team members in the PMU to be able to mainstream gender into their work areas. The project should invest in several technical gender trainings aiming to enable the team to proactively and effectively integrate gender into all workstreams. All standard procedures of the project should be streamlined to review gender aspects throughout the course of the project implementation.

# 8.2 Specific Recommendation

Gender Assessment findings	Recommendations	Project Activity linkage
Demography 51 percent male and 49 percent female	Participation in and benefits from project activities to be targeted to men and women in equal proportions	By ensuring that membership to farmer groups and associations supported by the project ensure increased participation by women;
		Access to and benefits from projects capacity building activities, technology dissemination and inputs are targeted towards benefiting women by ensuring that at least 50 percent of beneficiaries are women. Activity 1.1.1 Conduct sensitization and awareness workshops (13 Gewogs to be sensitized) Activity 1.1.2 Training of community members and local officials on implementation of identified watershed management interventions
		Activity 1.1.5 Implementation of identified intervention measures
		Activity 1.2.1 Conduct community consultations and sensitizations
		Activity 1.2.4 PES scheme development and implementation based on the feasibility
Over 30 percent of population engaged in agriculture are women	Field-based and specialized training to farmers that include at least 60 percent of women beneficiaries.	Activity 3.1.1: Participatory SLM action planning and sensitization to validate key SLM interventions
	beneficiaries.	Activity 3.1.4 Field -based and specialized training to farmers and agriculture extension staff on SLM technologies to enable them to respond to climate change induced risks and impacts with more competence and knowledge
Most of these WUAs are recognized by the Gewog Administrations. However, they are not formally registered and members officer bearers of these WUAs needs training in water governance, management and water dispute resolutions.	The project should support formal registration of all WUAs as per the Water Regulations of Bhutan, 2014;	Activity 2.4.1 Form and strengthen water user associations and groups in the communities at scheme level to promote local ownership and sustainability of schemes
Usage and management of water largely handled by women at the household level. At the community level, water usage is mostly handled by women while	Project should aim to raise the representation in officer bearers of WUAs by women from 11% to 30% by end of the project period.	Activity 2.4.1 Form and strengthen water user associations and groups in the communities at scheme level to promote local ownership and

Gender Assessment findings	Recommendations	Project Activity linkage
management is handled largely by men.		sustainability of schemes
There is a disconnect between water users and water managers. Overall women		
representation comprises of only 11 percent		
of the office bearers (executives) for WUAs		
in the project area.		
Women lack influence within existing water		
governance and management institutions,		
limiting their ability to change the redistribution of power and affect decisions.		
Training and capacity building would be		
required for women to engage in public		
decision making. There is a need for		
engaging more women (end users) in water		
management and decision making roles at the		
community and dzongkhag levels (dominated by men)		
While men play a greater role in maintenance	Training on water infrastructure,	Activity 3.2.2 Incorporation of area
of water related infrastructure, women also	use of tools and technologies and	specific weather and crop data in
take up significant roles in maintenance of	efficient use of water with 60%	ADSS
infrastructure at community and household	women participants	
levels. There is need for enabling participation by women capacity building for		Activity 3.2.5 Sensitization, awareness and capacity
water maintenance, use of tools and		development on agro-met services
equipment and in promoting improved tools		to researchers, extension and
and technologies in water maintenance at		farmers
local levels.		
Women have limited access to technical		
maintenance and management of water		
infrastructure and remain to face the brunt of		
water shortages when minor maintenance is		
needed. Access to information and training		
with respect to technology improvements defines who has access to water supplies.		
Where women have not been trained in the		
appropriate use of new technologies		
introduced to improve irrigation systems,		
they may not only fail to benefit from the		
improved availability of water. Moreover, if the water supply breaks down and cannot be		
re-instated quickly due to dependence on		
men, they may have to shoulder the		
additional burden of carrying water for uses		
such as cleaning, cooking, sanitation		
Men do have better access to financial capital	Trainings related book keeping	Activity 4.1.1. Conduct capacity
over women such in in actual spending. However, the control and therefore for	targeted to women	development training for LGs on CCA investment and mainstreaming
decisions related to spending, investments,		tools, frameworks and approaches
borrowings or lending are dominated by		related to irrigation, water
women (See Figure 6). Therefore, there is a		management, SLM, CCA and
need to enhance this capacity by including		gender.
women in trainings related book keeping.	Staliaholdon oonsultations and	Activity 412 Commenced MOD
A survey on gender and climate change in	Stakeholder consultations and	Activity 4.1.2. Carry out M&E of

Gender Assessment findings	Recommendations	Project Activity linkage
Bhutan reported that 84 percent of men in	meetings of the project should	CCA and gender mainstreaming in
Bhutan are aware of climate smart and	make concerted effort in creating	LG plans, programs and activities.
climate resilient agriculture as compared to	awareness on impacts of climate	
only 68 percent of women being aware of the	change and technologies for	
same. It also reported that higher proportion	improved water management. At	
of males enjoy access to information, training	least 50% participation by	
and inputs related to climate smart	women in stakeholder	
agriculture 7 . The PPG stakeholder	consultations and meetings of	
consultations in the project areas also observe	the project	
that men have better access and control over		
information, tools and training (See figure 6).		
The fewer opportunities for women relative		
to men to obtain skill and development		
training limit their participation in and the		
benefits they may gain from the use of new		
water technologies.		

# 9. Impact of project on people

Currently men and women spend significant amount of their time in making water available, both for domestic and irrigation purpose, and its management. With successful implementation of the project, population will be benefited in the following ways:

- Readily available water for domestic as well as irrigation. This will minimize need to clear and clean the water source, repairing pipelines etc., and saving time for agriculture and non-agriculture activities contributing to better income and livelihoods.
- Women can invest more time in their family's welfare and help work in fields and additional time to take care of their children, prioritize their health and hygiene and focus on economic empowerment activities. Improved health and enhanced economy will improve their living standard. This will also help them in engaging in many meaningful activities and significant participation in local discussions empowering women.

<sup>&</sup>lt;sup>7</sup> Gender and Climate Change in Bhutan, CNWC, 2020

# 11 Gender Action Plan

No	Gender gaps	Mitigation Measure	Responsibility	When	Key Indicator	Budget (US\$)
1	WUAs exist informally, with limited capacity and with very poor representation by women who are majority of end users of water	Establish formal registration of 50 WUAs (at least 6 WUAs)	Dzongkhag engineering section	year 1	100% of householdsandlocalinstitutionsareenlisted as membersofWUA30%ofarewomenWUAdatawualableattheGewog office	Covered under activity 2.4.1
2	Women have limited access to technical maintenance and management of water infrastructure and remain to face the brunt of water shortages when minor maintenance is needed	Training on water infrastructure, use of tools and technologies and efficient use of water (1 Training session at each project site @ 6 * US 3000 per training)	Dzongkhag engineering section	Year 2	50 % of participants are women	Together with activity 2.4.1 18,000
3	Limited awareness on water governance women empowerment in water governance. Men do have better access to financial capital over women such in in actual spending. However, the control and therefore for decisions related to spending, investments, borrowings or lending are dominated by women. Therefore, there is a need to	Training 50 community members on water governance and management at local level including on book-keeping (6 participants from each of the 6 WUAs comprising of 30% women) 1 Training session at each project site @ 6 * US 3000 per training	Dzongkhag engineer, DAO, Dzongkhag Environment Officer, section	year 2	90 women trained in water governance and management 30% of WUAs supported by the project are women	Together with activity 2.4.1 And Activity 4.1.1. 18,000

No	Gender gaps	Mitigation Measure	Responsibility	When	Key Indicator	Budget (US\$)
	enhance this capacity by including women in trainings related to book keeping.					
4	Majority of farming population comprise of women.	Field-based and specialized training to farmers on sustainable agriculture practices and SLM technologies, technical assistance to support communities (and Documentation, Knowledge Management (KM) and experience sharing platforms should be targeted towards benefiting women	DAO	Year 1,2,3	At least 50 percent of beneficiaries are women.	Covered under Activity 3.1.1 & Activity 3.1.4
5	A survey on gender and climate change in Bhutan reported that 84 percent of men in Bhutan are aware of climate smart and climate resilient agriculture as compared to only 68 percent of women being aware of the same. It also reported that higher proportion of males enjoy access to information, training and inputs related to climate smart agriculture 8 . The PPG stakeholder consultations in the project areas also observe that men have better access and control over information, tools and training (See figure 6). The fewer opportunities for women relative to men to obtain skill and	Stakeholder consultations and meetings of the project should make concerted effort in engaging women when creating awareness on impacts of climate change and technologies for improved water management.	Activity lead	Thought the project	At least 50% participation by women	Covered under Activity 4.1.1. and Activity 4.1.2.

<sup>&</sup>lt;sup>8</sup> Gender and Climate Change in Bhutan, CNWC, 2020

No	Gender gaps	Mitigation Measure	Responsibility	When	Key Indicator	Budget (US\$)
	development training limit their participation in and the benefits they may gain from the use of new water technologies.					
6	There is a need to mainstream overall gender concerns in the project activities	<ul> <li>Appoint a Gender Specialist to;</li> <li>Plan ensuring involvement of women in trainings and consultations involving farming communities in winter season.</li> <li>Enhance education, and conduct awareness-raising and advocacy on adaptation to climate change through climate resilient water management through training sessions and social media.</li> <li>Enable grievance redress mechanism within the project at the start of the project and approved by the</li> </ul>	PMU	6 months Thought the project spread over	Revise GAP GAP implementation monitoring and reporting	35,637
7	Revise the GAP during first 6 m consultation with stakeholders @	onths of project implementation (1 U\$ 3000)				3000
	Total cost of GA in Nu. (Exclud	ing cost activity costs)		•	•	58,437

### **12.** GAP Compliance Monitoring

The overall responsibility for implementing the GAP and for monitoring the compliance of the project's GAP activities lies with the PMU through coordinating with the Dzongkhag Engineering Section and the Gender Focal Person at each Dzongkhag. The Safeguards and Gender Expert (SGE) at the PMU shall oversee implementation of field activities relating to GAP and coordinate with the project Dzongkhags. He/she will be responsible for overall monitoring of compliance and in reporting on overall GAP implementation to the Project Manager. The GAP compliance monitoring will also include grievances that are reported through the Grievance Redress Mechanism (GRM) and on the status of redressal of grievances reported. The grievance data should be analysed and evaluated to make policy and/or process changes to minimize similar grievances in the future. Record of each grievance that has been reported and its resolution must be recorded and reported in the progress reporting of project activities.

The Terms of Reference and costing for the SGE has been built in the Environmental and Social Safeguards document.

### Annex 1: Field data collection format for gender roles

Selling Labour Buying Labour

Information Education Training

Selling Commodities in market Buying Commodities from the market

Transportation matters Social and cultural services

Question	Level		Men	Women
Who manages water at	National			
	Dzongkh	ag		
	Commun	<u> </u>		
	Househo			
Who collects water at	National			
	Dzongkh	ag		
	Commun	ity		
	Househo	ld		
Who uses water at	National			
	Dzongkh	ag		
	Commun			
	Househo	ld		
Who is responsible for maintaining water infrastructure	National			
	Dzongkhag			
	Commun			
	Househo	ld		
Who pays for water when there is a cost involved?				
Who mostly uses water for	Cooking			
	Cleaning			
	Livestoc			
	Gardenin			
	Field Irri			
Participation in meetings related to water	National			
	Dzongkh			
	Commun	ity level		
Access and Control Profile by gender				
Resources/Services		ccess		ontrol
	Men	Women	Men	Women
Land resources				
Financial Capital resources				
Production Tools and machineries resources				

Your Gender Male/Female (tick); Your Gewog; ------

What capacity	building n	needs in	relation to	water	resource	management
, inde eaparery	o win wing n		reneron to		10000100	

	Level	Capacity needs
	Dzongkhag/Geowg	
Men	Community	
	Household	
	Dzongkhag/Gewog	
Women	Community	
	Household	

### Annex 2: Water gender governance data collection format

Water Governance Data of \_\_\_\_Dzongkhag

### DT Profile by Gender

Position	Name	Gender (M/F)	Contact no
Thrizin			
Dy. Thrizin			
Secretary			
		Male (Number)	Female (Number)
Other Members			
Member			

### GT Profile by gender

Name of Gewog;			
Position	Name	Gender (M/F)	Contact No
Thrizin			
Dy. Thrizin			
Secretary			
Admin Officer			
Member data		Male (Number)	Female (Number)
Tshokpa			

### Water User Association's Profile by gender

Gewog Name;					
Name of WUA	Chair (M/F)	Secretary (M/F)	Treasurer (M/F)	No of male members	No of female members

# Annex 3: List of participants at the stakeholder consultations

SI.No	Name of Participant	Designation	Agency	Email ID	Contact Number	Sign	ature
SILNIO	Nume of Panicipan	Designation				Day 1	Day 2
1	DORDI	acpo	BIFEC	doijichwantasp)	13939870-	B	~
2/	Uninons Dan	Kana Ly	, Icana	(long 2 @ gruns	Jun 1764137	my fit	_
2	Kenels bagdy	Rape Ma	(Aseres).	Kenwangli@gni	6 29×1404	1 (Hb	8
4_	Phul Mayakatan	-	Kana	~	7732222	· AR	
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Consultation on Environment and social safeguards and Gender for project "Adaptation to Climate-Induced Water Stresses through Integrated Landscape Management in Bhutan" at Dagana from 14-15th April, 2021

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Consultation on Environment and social safeguards and Gender for project "Adaptation to Climateinduced Water Stresses through Integrated Landscape Management in Bhutan" at Dagapela on 16th April, 2021

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Environmental, Social and Gender Assessment for Proposed Project to Adaptation Fund on "Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan" in Paro Dzongkhags Tsherim Resort, Parc, (20 April 2021)

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16	Tila Maya Subba	CSE	Tsiranghe	tilace subba @gmailco	17570576	aff.		
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### Annex 2: Environmental and Social Assessment and Management Plan

### Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan

**Bhutan Trust Fund for Environmental Conservation** 

А.	Pro	ject Information	3
B.	Des	cription of Project Locations	3
C.	Des	cription of National Policy and Legal Framework	3
D.	Des	cription of Adaptation Fund's Social and Environmental Standards	7
E.	Env	vironmental and Social Impact Assessment	9
E	21:	Principles/Rules of stakeholder participation:	9
E	2:	Consultation Process:	9
E	13	Environmental and social risk screening and categorization1	0
	24 eleva	Overview of the environmental and social impacts and risks identified as being nt to the project	7
E	25	Description of project ESS Risks, Impacts and mitigation measures2	4
F.	Pro	ject Environmental and Social Management Plan (ESMP)3	2
G.	N	Aonitoring of Project Environmental and Social Management Plan4	2
H.	C	Cost for Environment and Social Safeguards4	3
Ι	Gri	evance Redress Mechanism (GRM) and Process for the project4	3
J	Dis	closure of ESMP	5
<b>K:</b> ′	Tern	ns of Reference for Safeguards and Gender Expert4	б
L: I	List o	of participants at the stakeholder consultations4	б
		owing clearances and no objection letters have been obtained(documents e at BTFEC secretariat):	3
Μ	Env	vironmental clearances and consent letters for the project activities at Thasa5	3
N	/[1	Clearances for climate-resilient irrigation scheme at Lajab under activity 2.2.25	3
	/12 nd	Clearances for drinking water from Drakay Pangtsho source to Dopshari, Doteng 53	
S	haba	gewogs, Paro5	3
	/13 nd W	Clearances for drinking water from Balakha Source to Tsentog, Lamgong, Lungyni Vangchang gewogs, Paro	
N	<b>/</b> [4	Clearances for drinking water scheme of Phuentenchu, Semjong and Tsirangtoe 5	3
	/15 ysten	Clearances for establishment of climate- and disaster-resilient pressurized irrigation n for Ambithang, Drujeygang, Dagana	
N	/16	Climate proofing of existing Budichu-Peteykha irrigation scheme	3
N	/16.1	No Objection. Letter from Namleythang Farm road user groups5	3

### A. Project Information

#### Table 1: Project information

1.	Project Title	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan
2.	Project Grant Amount (US\$)	9,998,955
3.	Grantor Agency	AF
4.	Location (Global/Region/Country)	Bhutan (Dagana, Paro and Tzirang districts
5.	Project Start Date	January 2023
6.	Project End Data	February 2028
7.	Implementing Entity (NIE)	Bhutan Trust Fund for Environmental Conservation (BTFEC)
8.	BTFEC Focal Strategic Areas	Mitigating and adapting to climate change

### **B.** Description of Project Locations

Table 2: Project locations by Dzongkhags and gewogs

Dzongkhag	Gewogs
Dagana	Drujeygang, Lajab, Tshangkha,
Paro	Dhopshari, Lungyi, Lamgong, Doteng, Tsento, Wangchang, Shaba
Tsirang	Tsirangtoe, Phuentenchhu and Semjong

### C. Description of National Policy and Legal Framework

### C1. Constitution of the Kingdom of Bhutan 2008

Article 5 of the Constitution of Bhutan bestows the stewardship for environmental care as a fundamental duty of all citizens and the Government to preserve the environment, safeguard biodiversity, reduce pollution, prevent ecological degradation and promote ecologically balanced sustainable development while also pursuing sound social and ecological development for all time. It requires the government to maintain the constitutional 60% the total area under forest cover in perpetuity. It accords rights over mineral resources, rivers, lakes and forests to the state and as properties of the State, which shall be regulated by law. It prescribes that;

- All persons are equal before the law and are entitled to equal and effective protection of the law and shall not be discriminated against on the grounds of race, sex, language, religion, politics or other status (15 of Article 7) as a fundamental right.
- The State shall endeavor to preserve, protect and promote the cultural heritage of the country, including monuments, places and objects of artistic or historic interest, Dzongs, Lhakhangs, Goendeys, Ten-sum, Nyes, language, literature, music, visual arts and religion to enrich society and the cultural life of the citizens. (Article 4.1)
- All persons shall have the right to life, liberty and security of person and shall not be deprived of such rights except in accordance with the due process of law. (Article 7.1)
- A Bhutanese citizen shall have the right to equal pay for work of equal value. (Article 7.11)
- A person shall not be deprived of property by acquisition or requisition, except for public purpose and on payment of fair compensation in accordance with the provisions of the law. (Article 7.14)
- A Bhutanese citizen shall have the duty to preserve, protect and respect the environment, culture and heritage of the nation. (Article 8.2)

- The State shall endeavor to take appropriate measures to eliminate all forms of discrimination and exploitation against women including trafficking, prostitution, abuse, violence, harassment and intimidation at work in both public and private spheres. (Article 9.17)
- The State shall endeavor to take appropriate measures to ensure that children are protected against all forms of discrimination and exploitation including trafficking, prostitution, abuse, violence, degrading treatment and economic exploitation. (Article 9.18)

#### C2. Environmental Assessment Act (EAA) 2000

The Act guides the assessment of potential impact of projects on the environment and prescribes measures to ameliorate potential adverse impacts on environment. An environmental clearance from projects likely to adversely impact the environment is required prior to execution. The National Environment Commission (NEC) or the competent authorities delegated by the NECS are the authorities which implements the Act and issues the environmental clearances. This project will require an environmental clearance which will have to be periodically updated during project implementation. The Regulation for Environmental Clearance of Projects, 2016 outlines procedures and responsibilities for implementing and supplementing the Environmental Assessment Act, 2000 to issue environmental clearances. It ensures that the projects is implemented in compliance with the sustainable development policy of the government so that potential damage to the environment is mitigated and that the local community to benefit from the projects. The regulation mandates establishment of an environmental unit under the project, conduct public consultation, and obtain environmental clearance within the specified period.

#### C3. National Environmental Protection Act (NEPA) 2007

The NEPA provides measures and standards to protect environmental quality in the country. The NEC or other designated competent authorities and advisory committee members monitor the conformance to the measures and standards aiming at equitable and sustainable development.

#### C4. Forest and Nature Conservation Act (FNCA) 1995

This FNCA assigns the ownership of all forests in the country to the Government as SRF and any development in forests is prohibited unless permissible by law and fulfilling procedures.

If the project site is located on state reserve forest land, a forestry clearance is mandatory. Developmental activities are restricted within Protected Areas and Biological Corridors. However, the approval may also depend on the type, purpose, and location (core, multiple or buffer area) of the infrastructure, which determines the activity's environmental impact.

#### C5. Water Act 2011

The Water Act ensures the protection, management and conservation of all water resources in the country for enhanced efficiency, sustainability, equity. The Act bestows the trusteeship of water resources on the Government who is responsible for water protection, conservation and management. It defines drinking water as a basic human need with and that every individual shall have access to safe, affordable and sufficient water. The **Water Act and the Water Regulation of Bhutan 2014**, water use priorities are as defined as a) water for drinking and sanitation, 2) water for agriculture; 3) water for energy; 4) water for industry; 5) water for tourism and recreation, and; 6) water for other uses.

#### C6. Regulation on Occupational Health, Safety and Welfare (OHSW), 2012

The OHSW, 2012 which has been developed based on labour standards as identified by the International Labour Organization, establishes the standards on occupational health, safety and welfare on premises, instruments, vessels, appliances, apparatus, tools, devices, electrical safety and other hazardous conditions. In line with this regulation, a specific Regulation on Occupational Health and Safety for Construction Industry, 2012 specifies the following key provisions:

- (a) Health and Safety Policy; A construction company with 12 or more construction workers must prepare a written statement of health and safety policy in accordance with relevant provisions.
- (b) Provision of personal protective equipment; Suitable personal protective equipment for protection of eyes, hands, head and feet shall be provided. Equipment commonly issued in Bhutan are helmets,

gloves and work shoes used by labourers at site. Owing to the COVID spread, use of masks is also advised of workers.

- (c) Electrical hazards; Take adequate measures to prevent any worker from coming into physical contact with any electrical equipment or live electrical circuit which may cause electrical hazards. Ensure that all electrical appliances and current carrying equipment used are made of sound material and are properly and adequately earthed, ensure that all temporary electrical installations at a construction work are provided with earth leakage circuit breakers.
- (d) Warning signs; Display and maintain suitable warning signs at conspicuous places at a building or other construction work in Dzongkha and English.
- (e) Traffic management; Barricade and install suitable warning signs and lights if the construction work is being carried on or is located where any vehicular traffic may cause danger to workers.
- (f) Structure stability; Stability and protection against collapse of structures must be ensured and all temporary structures must be properly supported by the use of guys, stays, and other fixings.
- (g) Illumination; Provide sufficient illumination at all times where workers are required to work or passthrough passageways, stairways and landing
- (h) Stacking and storage of material; All building materials must be stored or stacked in a safe and orderly manner to avoid obstruction, ensure stability, and not endanger the worker safety
- (i) Disposal of debris; Barricade and install suitable warning signs and lights to indicate presence of debris generated from construction process. Debris must not be thrown inside or outside from any height of such construction work, must be kept sufficiently moist to avoid dust, must not be allowed to accumulate and disposed of as soon as possible to avoid any hazard, without causing any danger to worker safety.
- (j) Public safety; For building construction work less than 2.3m from a sidewalk or public road, a safe covered walkway must be constructed over the sidewalk for use by pedestrians.
- (k) Access; A safe means of access and egress must be provided and maintained to and from every place where work is undertaken.
- (1) Operation of mechanical equipment1; Mechanical equipment must be operated by a trained and competent operator, or under the supervision of one
- (m) No person under 18 years of age can operate a machine or be used to signal an operator.
- (n) Sanitation facilities; Safe and reliable water to worker camps must be provided. Sufficient and suitable toilets and washing conveniences must be provided with separate accommodation for females. Provision of water to accompany sanitation facilities is necessary to ensure proper cleansing and disposal of human waste.

#### **C7.** Waste Prevention and Management Regulation, 2012

This regulation emanating from the Waste Prevention Act, identifies roles of the Implementing Agency to introduce appropriate waste management system beginning from every organization level concerning collection, segregation, treatment, storage, transportation, recycling and safe disposal of solid, liquid and gaseous wastes. This regulation shall control and prohibit haphazard dumping of waste. This regulation will ensure disposal of waste at designated site and uphold initiatives to segregate, reuse and recycle. It is the Contractor's responsibility to seek the necessary permits for disposal of excavated earth and construction waste. During implementation, the contractor must ensure safe storage of construction waste to avoid public inconvenience, safely transport construction waste without spillage, and ensure that it is disposed only at the site designated by implementing agencies.

#### C8. Penal Code of Bhutan 2004

Aside from environmental laws and regulations, the 2004 Penal Code of Bhutan also includes a provision on environmental pollution wherein Article 409 states that a defendant shall be guilty of the offense of environmental pollution if such defendant knowingly or recklessly pollutes or contaminates the environment including air, water, and land and makes it noxious to public health and safety.

#### C9. Bhutan Environmental Standards 2010 (revised 2020)

The Bhutan Environmental Standards sets the minimum standards for:(i) ambient water quality, (ii) industrial effluent discharge standards, (iii) standard for sewerage effluents, (iv) ambient air quality, (v)

<sup>&</sup>lt;sup>1</sup>Mechanical equipment includes any bulldozer, compactor, dumper, excavator, grader, loader, locomotive, lorry, scraper, truck and any mobile machine which is used for the handling of any material on a construction site

industrial emission standards, (vi) workplace emission standards, (vii) vehicle emission standards and, (viii) noise level limits.

The Drinking Water Quality Standards, 2016, was developed in accordance with Section 13 (f) and Section 42 (a) and (b) of the Water Act of Bhutan, 2011, with the aim of ensuring safe drinking water and to protect consumer health. The standard describes the quality parameters set for drinking water and the maximum permissible limit for each of the set parameters, in order to limit the level of contaminants in drinking water.

### C10. Land Compensation Rates 2017

The land compensation rates 2017 covers compensation for land and structures falling both within urban and rural areas when acquired by the government. The land compensation rates in rural and urban areas defined by the document area applicable to the proposed projects.

**C11. The National Gender Equality Policy (NGEP) 2020** explores gender equality through the lens of three domains i.e., political, social and economic. The policy aims to:

- (i) Provide a coherent strategic framework for the Government's priorities on gender equality;
- (ii) Strengthen accountability and operational strategies to address priority gender issues; and
- (iii) Facilitate deeper collaboration across sectors and stakeholders towards a common vision of gender equality.

The Policy provides a framework within which other legislation, policies, programs and practices ensure equal rights, opportunities and benefits for women and men at the family, community, and workplace and in society.

#### C12. Child Care & Protection Act of Bhutan 2013

The Child Care & Protection Act of Bhutan aims to institute measures to ensure children are protected against all forms of discrimination and exploitation, to promote conditions conducive in society for children as well as care, protection, guidance, counselling, treatment, development, rehabilitation, adjudication and disposition of matters related to children in conflict with the law favorably and in the best interest of the child. The use of child labour is prohibited in this project and adequate safeguards will be incorporated in the terms of contract to be signed with the contractor awarded the works.

#### C13. Labour & Employment Act 2007

The Act has been enacted to govern the employment and working conditions for all persons employed and working within the Kingdom of Bhutan. In the context of this project, since labourers and other stakeholders will be working directly in the project activities, terms and conditions of their employment and the work they perform and the specific work conditions they will be working in are governed by the provisions of this Act. Also, children according to this Act will not be employed in project activities which entail working in physical conditions and terrain as well as operating tools and implements which may pose a risk to their physical person (article 9). Workers also cannot be subjected to forced or compulsory labour (article 6). Workers once recruited will not be discriminated in relation to wages and working conditions (article 12) so women cannot be paid wages less than men at the worksites. Also, employers are prohibited from sexual harassment of workers (article 16). If employees need to be recruited for a year or more, they need to be provided with written contracts of employment (article 51 and 61) which will specify the duration, tasks to be done, notice period for termination of contract, wages, working hours, probation period and leave provisions.

#### C14. Land Act of Bhutan 2007

In this project, most of the pipeline will be aligned on government land as will the structures l. However, in the case where pipes have to be aligned across private land, the following provisions of the Act on 'Laying of service facilities' are relevant: -

• The landowner of a piece of land is bound, subject to reasonable compensation being paid to him, to allow the laying through his land of water pipes or irrigation channel, drainage pipes,

telecommunication structures, electricity poles and sub-stations or other similar installations by a Government agency or for the use of the adjoining or neighboring land if, without making use of his land, they could not be laid or could be laid only at an excessive cost. The land owner may require that his interests be taken into consideration. (Clause 275).

- The practice in vogue is that the local government seeks the permission of the landowner and negotiates access across his/her plot of land to the pipeline/channel. In most cases, the owner accords consent and the pipeline/channel is aligned. In some cases where the owner does not agree at all, or the implementing agency themselves may decide to acquire the land by cash compensation or providing government land in exchange for the affected plot.
- In exceptional cases where the installations are to be above ground, such landowner may require that a reasonable portion of his/her land, over which such installations are to be laid, be bought from him/her at a price, which will cover the value of the land and compensation for any damage arising from the sale. (Clause 276)
- In this project most of the pipelines will be buried underground and only in landslide prone areas and stream crossings, the pipeline will be installed above the ground. The practice so far is that after installation of the pipes in trenches and restoration of the excavated soil, the owner may resume use of the land for cultivation if he/she has been using the plot to grow crops.
- Where the circumstances are changed, he may require that the installations be removed to such different part of his land as may be suitable to his interest. The relevant agency shall be responsible to remove the installations. (Clause 277). The practice is that to the extent possible pipelines are aligned along the plot boundaries to permit owners the future development on their land without hindrance.
- The owner of the facilities established under Sections 275 and 276 of this Act shall be responsible to ensure that no damage is caused to the landowner by way of negligence of the management of the facilities. (Clause 278).
- In the event, private land has to be acquired; the government can do so if the land is acquired for public benefit (clause 142). The Land Act stipulates that the government pay fair compensation (clause 144) for the land or provide government land in the same village, town or gewog and dzongkhag (clause 155) of the same value as exchange for the land acquired (clause 147). If there is any property on the land, the government will pay for the immovable property on the acquired land (clause 149). Compensation to be paid will be in accordance with rates fixed by the Property Assessment and Valuation Agency (PAVA) under the Ministry of Finance (clause 151).

### C15. National Policy for Persons with Disabilities 2019

The Policy aims to empower persons with disabilities, mainstream disability initiatives in plans, policies and programs in all sectors, improve access to opportunities and services for persons with disabilities, improve the socio-economic condition of persons with disabilities, promote health and living of disabled persons through sports, recreation and cultural participation and to remove stigmatization and discrimination of people towards disabled persons. This project too will encourage and make arrangements to ensure the participation of disabled persons identified during the project preparation phase in discussions and decision-making events in the course of the project implementation.

### **D.** Description of Adaptation Fund's Social and Environmental Standards

As per the Adaptation Fund Environmental and Social Policy (ESP), 15 environmental and social principles form the basis for identifying and managing environmental and social risks. These principles are also integral part of the BTFEC's Risk Management Policy Framework. Project financing from or through BTFEC shall not be considered during the project appraisal without adequate assessment of environmental and social risks and Project Risk Management Plan.

These principles include:

Principle 1: Compliance with the Law which requires that the project shall be in compliance with all applicable domestic and international law.

Principle 2: Access and Equity which requires that the projects shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. The

project should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.

Principle 3: Marginalized and Vulnerable Groups require that the project to avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS. In screening any proposed project, the implementing entity is required to assess and consider particular impacts on marginalized and vulnerable groups.

Principle 4: Human Rights requires that the project shall respect and where applicable promote international human rights.

Principle 5: Gender Equality and Women's Empowerment require that the project shall be designed and implemented in such a way that both women and men 1) have equal opportunities to participate as per the Fund gender policy; 2) receive comparable social and economic benefits; and 3) do not suffer disproportionate adverse effects during the development process.

Principle 6: Core Labour Rights require the project to meet the core labour standards as identified by the International Labour Organization.

Principle 7: Indigenous Peoples lays out that the Fund shall not support projects/programs that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples. This principle is not relevant in Bhutan's context as all ethnic groups in Bhutan are represented at Gewog levels and there is no distinct group that are not part being represented within any gewog. Relevant matters such as community consultation and obtaining of local community or individual as may be relevant are standard requirements for any policy or development planning process in Bhutan.

Principle 8: Involuntary Resettlement require that the project shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation.

Principle 9: Protection of Natural Habitats require that the project would not involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities.

Principle 10: Conservation of Biological Diversity require the project to be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.

Principle 11: Climate Change require that the project shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

Principle 12: Pollution Prevention and Resource Efficiency require that the project shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

Principle 13: Public Health require project to be designed and implemented in a way that avoids potentially significant negative impacts on public health.

Principle 14: Physical and Cultural Heritage require the project to be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level.

The project should not permanently interfere with existing access and use of such physical and cultural resources.

Principle 15: Lands and Soil Conservation require the project to be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services.

### E. Environmental and Social Impact Assessment

During the participatory assessment of proposed project activities and associated environmental and social safeguards as well as gender issues, a series of local level stakeholder consultations were held from 29th May to 13th June, 2022. Officials from the Gross National Happiness Commission (the NDA); BTFEC (the AE); UNCDF (in capacity of Advisor to BTFEC and as Lead prodoc developer); the Engineering Division of Department of Agriculture (DoA) and National Soil Service Center of DoA participated in these consultations. The Watershed Management Division (WMD) of the Department of Forests and Parks Services (DoFPS) and the Ministry of Works and Human Settlement (MoWHS) were represented by the relevant forestry divisions in the field and by the Dzongkhag Engineering Sectors respectively. Local stakeholders included representatives of local governments, community leaders and men and women from the project areas (See Section at the end for list of participants). The assessment included:

- 1. Consultation of key stakeholders, and vulnerable groups, including gender
- 2. Assessment of project sites and activities in compliance with the Environmental and Social Policy and Gender Policy.

Furthermore, participants at these consultations were subjected to focus group discussions as well as individual opinion on risks as guided by a list of questions related to the 15 AF safeguards principles. The results of these participatory assessments were used to determine project ESS category and to define measures to mitigate or minimize the potential risks.

### E1: Principles/Rules of stakeholder participation:

For each consultation, following principles were adopted to ensure free and frank discussion on the project activities, associated safeguards and gender issues.

- 1. All community stakeholders (participants) understand the project design, activities, location of project activities and social and environmental safeguards principles including gender equity;
- 2. All activities discussed are part of water flagship program and local priorities related to climate change;
- 3. Discussions to be held in a free and frank environment;
- 4. Views, perspectives and interests of each participant is respected;
- 5. Leave no one behind

#### **E2:** Consultation Process:

During each consultation, the following process were followed:

- 1. Introductory remarks by the local leaders and local administrators of the concerned Dzongkhag.
- 2. Presentation of the project design; costs; project outcomes and outputs; major stakeholders and the importance of end-to-end interventions including catchment watershed management, climate resilient water infrastructure, social and land management by UNCDF and GNHC
- 3. Presentation on social and environmental safeguards, need for inclusive approach and 15 safeguards principles of Adaptation Fund as well as relevant national policy and legal framework
- 4. Focused Group Discussion and individual interview with local participants on project activities as well as checklist of project screening questions for each safeguard principle to provide basis for project categorization
- 5. Site visit to project activity locations.

Upon briefing on the project activities participants, participants were subjected to focus group discussions as well as individual opinion on risks of project activities as guided by a list of questions related to each of the 15 AF safeguards principles. The risks, impacts and vulnerable groups identified by each small group were discussed at the plenary for contextual understanding and clarity. During the consultations, vulnerable and marginalized groups are described as households characterized by isolated and dotted settlements; communities without motorable access road; households with only elderly members & without household's labour force; household with very few household members; Households with empty or no resident members; women and single parent headed households. These vulnerable groups may not be able contribute actively or participate in the project such as in consultations, community labour contribution and other forms of participation and may not be included as project beneficiaries if the project considers communities to provide unskilled labour for project activities. Therefore, the project implementation will not require community contributions in the form of cash or labour during the project implementation. The O&M of water infrastructure developed by the project will be handled by WUAs which will include contributions from member households for minor maintenance. To ensure that the vulnerable members of the communities are not excluded from availing themselves of benefits, the articles of association of the WUAs will include clauses on community exemptions for such contributions from the vulnerable and marginalized groups. The articles of association of the WUAs will be developed during the project implementation with support from the PMU and dzongkhags concerned and will further stress on providing equal access to all members of the communities.

### E3 Environmental and social risk screening and categorization

The results of this participatory assessments were used to determine project ESS category and to define measures to mitigate or minimize the potential risks. The risks and impacts identified by the stakeholder consultations are described in table 4. The risk matrix in table 3 has been used to assess the significance of each risk.

Risk N	<i>A</i> atrix	:					Key for Impact and Likelihood
	5	М	S	S	Н	Н	H = High S = Significant
_	4	L	М	S	S	Н	M = Moderate
act	3	L	М	М	М	S	L = Low
Impact	2	L	L	L	М	М	
	1	L	L	L	L	L	
		1	2	3	4	5	
	Likelihood						

Table 3: Risk Matrix

AF	Risk Questions	Assessment	Impact	Likelihoo	Significance
Principles			(1 -5)	d (1-5)	(L/M/S/H)
COMPLIAN CE WITH THE LAW (7 questions)	Does the project risk non-compliance with Water Act of Bhutan? Does the project risk non-compliance with National Environment Protection Act? Does the project risk non-compliance with national planning process? Does the project risk noncompliance with Land Act of Bhutan? Does the project risk noncompliance with Local Governance Act? Does the project risk noncompliance with employment and labour standards laws? Does the project risk noncompliance with an applicable domestic or international law?	Most stakeholders, especially those at community and. local levels are aware of relevant legal provisions related to water.	3	1	L
ACCESS AND EQUITY (8 questions)	Will there be risk that poor will not have equal opportunities to be selected as project beneficiaries? Will there be risk that \women will not have equal opportunities to be selected as project beneficiaries? Will there be risk that minority groups will not have equal opportunities to be selected as project beneficiaries? Will there be risk that poor people will not be able to access services supported by the project? Will there be risk that women will not be able to access services supported by the project? Will there be risk that minority groups will not be able to access services supported by the project? Will there be risk that disabled people will not be able to access services supported by the project? Will there be risk that disabled people will not be able to access services supported by the project? Will there be risk that elderly people will not be able to access services supported by the project?	Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. Similarly, new settlers may face accessibility issues as they have not been members of WUAs in the past. Emergence of commercial activities could marginalize rural households.	3	2	М

Table 4: Risks and impacts identified by the stakeholder consultations and project category

AF Principles	Risk Questions	Assessment	Impact (1 -5)	Likelihoo d (1-5)	Significance (L/M/S/H)
MARGINAL IZED AND VULNERA BLE GROUPS (5 questions)	<ul><li>Will elderly people experience negative impacts from the project?</li><li>Will displaced people will experience negative impacts from the project?</li><li>Will migrant workers will experience negative impacts from the project?</li><li>Will children will experience negative impacts from the project?</li></ul>	Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association. However, there are social norms that to mitigate such risks.	3	1	L
HUMAN RIGHTS (1 question)	Will children will experience negative impacts from the project?	The constitution of Bhutan ensures human rights as a fundamental right to every citizen in Bhutan. Risk on this remains low	3	1	L
GENDER EQUALITY AND WOMEN'S EMPOWER MENT (3 questions)	The project is designed by men who have not taken women's perspectives into consideration The project will result in an increased workload of tasks traditionally done by women Women will not have equal opportunities to participate and express their views on aspect of project implementation	Due to availability to water, there could be increased agriculture activities and farm workload; Fallow lands would be cultivated; and increase in household chores. However, trend in use of more mechanization would offset the workload and overall, there would be positive impact. For instance, ferrying manure to agriculture fields, traditionally done by women are now performed by men driving power tillers. Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may face challenges of project accessing benefits.	3	3	М
CORE LABOUR RIGHTS (7 questions)	Women or vulnerable groups will not have equal opportunities for employment in project activities The project will employ local people in conditions that may not comply with labour laws The project will employ local people in hazardous work that is different from their normal work Temporary labour from outside the project area will stay in inadequate or unhygienic accommodation	Due to difference in physical strength of men and women, contractors may adopt differential work compensation between men and women. Proposed pipeline of alignments passes through stretches of steep slope and difficult terrain in some site which could expose workers to safety risks.	4	2	М

AF	Risk Questions	Assessment	Impact	Likelihoo	Significance
Principles			(1 - 5)	d (1-5)	(L/M/S/H)
CORE LABOUR RIGHTS (7 questions)	Temporary labour from outside the project area will have conflicts with the local population Temporary labour from outside the project area will create a risk of spreading transmissible diseases or pandemic diseases Children could be employed in project activities in contravention of the labour laws	Contractors may not fully comply with labor laws and standards in employing workers establishing appropriate working conditions such as inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labor camps which could pose health and hygiene risk to workers. Further, contractors may employ school children under 18 years of age during school holidays.			
		Risks of conflict with local communities due to lack of awareness of local norms by project workers from outside the project area such as sexual harassment and disrespect to local norms may risk conflicts between local communities and project workers from outside the project areas.			
INDIGENO US PEOPLES (4 questions)	Indigenous people have not been adequately consulted about the project Indigenous people will experience negative impacts on their traditional livelihoods Indigenous people will lose access to land or natural resources Indigenous people will experience negative impacts on their traditional culture and way of life.	Not Applicable. However, the project will ensure that free and prior informed consent are secured for all activities that associated with stakeholders including marginalized and vulnerable groups. The process for securing environmental clearance for every project activity will include FPIC from affected stakeholders or individuals so that no stakeholders or individuals are excluded in the project decisions or their concerns are not addressed in project implementation.	1	1	L
INVOLUNT ARY RESETTLE MENT (6 questions)	<ul> <li>Will households will have reduced incomes because of loss of land?</li> <li>Will households will suffer negative impacts from having to move their homes?</li> <li>Households will have reduced income because of loss of access to community land or common property resources?</li> <li>Will the project lead to acquisition of land for implementation of the project?</li> </ul>	The layout of pipes for irrigation and drinking water passes through some private land. However, loss of land or income is not foreseen as the pipes will be laid underground and project does not include land acquisition. Land disputes are not foreseen. However, risk of disputes due to lack of awareness of project activity	4	1	L

AF Principles	Risk Questions	Assessment	Impact (1 -5)	Likelihoo d (1-5)	Significance (L/M/S/H)
	Will the project ensure right to compensation for land acquired for the project activities? Will the project lead to land disputes?	locations may arise and minor disputes may arise from water distribution arrangements.			
PROTECTI ON OF FORESTS AND NATURAL HABITATS (5 questions)	<ul> <li>Will the project result in conversion or disturbance of natural forest land to other uses?</li> <li>Will the project cause disturbances to wildlife?</li> <li>Will the project result in illegal harvesting of non- timber forest resources?</li> <li>Will the project result in increased collection of firewood or timber resources?</li> <li>Will the project lead to wild life poaching?</li> </ul>	The project activities do not pass through any protected, prohibited or restricted areas. However, clearing works for access route to transport materials along water lines may cause minor site-specific disturbances to local forest but will not involve conversion of forest land use. Also trenching work for underground layout of water pipe lines will involve disturbances forest soils although such disturbances will be temporary and limited to pipe alignment. Workers may harvest non timber forest products but such collection for consumption and not for commercial purposes. Limited firewood collection for use by project workers at site will happen although timber harvesting is not foreseen. Some activities requiring restoration of cleared sites through plantation could potentially have adverse impacts if non-native plants are used for replantation.	3	2	М
CONSERVA TION OF BIOLOGIC AL DIVERSITY (4 questions)	<ul><li>Will the project damage areas that are important for biodiversity?</li><li>Will the project cause change in farming practices and reduce biodiversity?</li><li>Will the project result in drainage of wetlands or natural water bodies?</li><li>Will the project introduce non-native species that could increase uncontrollably?</li></ul>	The project activities do not pass through any protected, prohibited or restricted areas Increase cultivation of high-income verities may increase risk of neglecting native verities. Irrigation and drinking water supply for the project will be drawn from natural streams. Noncompliance to environmental flow standards could pose risk of disturbing local aquatic life	3	3	М
CLIMATE CHANGE (3 questions)	Will climate change cause increased risk of climate disasters and project outputs? Will the project result in increased greenhouse gas emissions?	Heavy rains and resulting local soil erosions could harm project assets. Landslides may be triggered by bursting of water channel Burst of water pipelines during flooding events	3	2	М

AF Principles	Risk Questions	Assessment	Impact (1 -5)	Likelihoo d (1-5)	Significance (L/M/S/H)
POLLUTIO N PREVENTI ON & RESOURCE EFFICIENC Y (9 questions)	<ul> <li>Will the project cause increased use of agriculture chemicals?</li> <li>Will the project result in a risk from hazardous chemicals?</li> <li>Will the project result in long-term increase in flows of polluted water?</li> <li>Will the project result in generation of significant amounts of non-biodegradable solid waste?</li> <li>Will the project cause short-term environmental damage (e.g. during construction)?</li> <li>Will the project cause un-sustainable increase in extraction of groundwater?</li> <li>Will the project cause un-sustainable extraction or diversion of water from a surface water source?</li> <li>Will the project cause non-sustainable increase in mineral extraction?</li> </ul>	<ul> <li>With assured irrigation water, intensification of agriculture activities such as increased vegetable cultivation could risk farmers adopting chemical fertilizers leading to soil pollution</li> <li>Use of limited quantities of chemical fertilizers may pollute flow of tail end water in natural landscapes</li> <li>Inappropriate waste at temporary worker camps in project sites may result in risk of limited desecration of natural landscapes</li> <li>Minor excavation works and ground clearance will cause limited disturbances to local soil and vegetation</li> <li>Risk of unsustainable extraction of water is low as drawing of water is guided by e-flow requirements which is requires as per the Water and Regulations as well as specified in the environmental clearance for project activities.</li> </ul>	3	2	М
PUBLIC HEALTH (5 questions)	<ul> <li>Will the project lead to increase in road traffic related accidents?</li> <li>Will the project will result in increased use of harmful substances (e.g. alcohol)?</li> <li>Will the project cause people to change to less healthy or nutritious diets?</li> <li>Will the project result in increased transmission of diseases?</li> <li>Will temporary labour from outside the project area stay in inadequate or unhygienic accommodations?</li> </ul>	Migrant workers with unknown medical and travel history could risk transmission of diseases that are not prevalent in the project areas to local communities and among project workers and staff Contractors may resort to cheaper arrangement of worker camps with inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labour camps which could pose health and hygiene risk to workers	3	2	М

AF Principles	Risk Questions	Assessment	Impact (1 -5)	Likelihoo d (1-5)	Significance (L/M/S/H)
PHYSICAL AND CULTURAL RESOURCE S/HERITAG E (3 questions)	<ul><li>Will the project cause damage to physical cultural heritage sites?</li><li>Will the project cause loss of non-physical cultural heritage?</li><li>Will the project lead to disturbances to locally revered sacred sites and landscape?</li></ul>	Project workers form outside may not be aware of local cultural/sacred sites and may cause unintentional damages Alignment pipes and water lines to avoided passing through any local cultural assets Where cultural sites are observed in the project areas, cultural clearance are sought for project activities. The clearance document defines terms and conditions	3	1	L
LANDS	Will clearing of trees or other vegetation could	that enable avoidance of any harm on such assets. Clearing works for access route to transport materials			
AND SOIL CONSERVA TION (5 questions)	cause soil erosion? Will the project lead to changed farming practices that could cause soil degradation or erosion? Will the project result in changed water flows (e.g. from road drainage or river works) that could cause soil erosion? Will the project cause damage to any sensitive landscape? Will the project activities cause disturbances to existing land uses?	along water lines may cause minor site specific disturbances to soil structure. Also trenching work. for underground layout of water pipe lines will involve disturbances forest soils but such disturbance will be temporary and limited to pipe alignment. Site specific soil erosions could be triggered by heavy rainfalls on steep slopes at these sites. Weak pipe joints of water conveyance pipe and may lead to frequent burst of pipes and leakages triggering minor local soil erosions	4	2	М
screening ques		d screening of the project risks by each activity and outpu overall Project Risk Category has been determined as Ca uch risks are minor, site specific and manageable.			М

# E4 Overview of the environmental and social impacts and risks identified as being relevant to the project

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law	$\checkmark$	<i>Low risk:</i> As accredited entity to the AF, BTFEC abides by international and national laws. BTFEC's partners and contracted service providers are equally obliged to do the same. Relevant national and district authorities have been consulted during the proposal development process and will be partners in the project implementation. This facilitates compliance with all relevant laws and regulations. Environmental and social clearances have been obtained for project activities. <i>No further assessment required during project implementation</i> However, awareness and sensitization of relevant aspects of laws to be pursued during project implementation
Access and Equity		<i>Moderate risk:</i> Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. Similarly, new settlers may face accessibility issues as they have not been members of WUAs in the past. These households may face challenges of accessing project benefits. Further, emergence of commercial activities could marginalize rural households and may result in unequal benefits to communities from project assets.
		<ul> <li>Mitigation measures/Further assessment during project implementation:</li> <li>Articles of Association of WUAs to include clause on: <ul> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>providing equal access to new settlers</li> </ul> </li> </ul>
		Strengthen WUAs to protect rights of member households through training and definition of incentives in the articles of associations
		Water transmission line to include T-points for all settlements to enable distribution from the main water line to member communities

### Table 5: Relevant environmental and social impacts and risks relevant to the project

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Marginalized and Vulnerable Groups		<i>Low risk:</i> Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association. These households may face challenges of project accessing benefits.
		<ul> <li>Precautionary measures:</li> <li>M&amp;E Officer and Safeguards expert to monitor that WUA articles include clause on: <ul> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> </ul> </li> </ul>
Human Rights	~	<i>Low risk:</i> The constitution of Bhutan ensures human rights as a fundamental right to every citizen in Bhutan. It guarantees equal and effective protection of the law and protection against discrimination on grounds of race, sex, language, religion, politics or other status. The standard planning processes of needs assessment, design of projects and implementation are applied uniformly across the country.
		No further assessment required during project implementation
Gender Equity and Women's Empowerment		<i>Moderate risk:</i> Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may face challenges of project accessing benefits.
		<i>Mitigation measures/further assessment during project implementation:</i> The project will fully mainstream gender, and will ensure that women and men and female and male youth equitably engage in and benefit from project activities such as project asset building and availing benefits from the project. The project's gender action plan is a central element of the exit strategy. A gender assessment has been conducted which shows that women are not represented as much as men in executive of water user groups. The project will ensure that at least 30 percent of executives of WUAs supported by the project comprises of men and 50 percent participants at training conducted through the project will comprise women and youth.
Indigenous Peoples	✓	Not applicable The World Bank's operational manual describes indigenous communities, in general as communities who self-identify and are identified by others as members of a distinct cultural group with an indigenous language, different from the

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		national language or with presence of customary social and political institutions and characterized by primarily subsistence-oriented production. The UN, Department of Economic and Social Affairs define indigenous people as groups with social, cultural, economic and political characteristics that are distinct from those of the dominant societies in which they live. In Bhutan, there are no community groups who self-identify and are identified by others as distinct in terms of culture, language, social and political institutions.
Core Labour Rights		<i>Moderate risk:</i> Due to difference in physical strength of men and women, contractors may adopt differential work compensation between men and women.
		Contractors may not fully comply with labor laws and standards in employing workers establishing appropriate working conditions such as inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labor camps which could pose health and hygiene risk to workers. Further, contractors may employ school children under 18 years of age during school holidays.
		Proposed pipeline of alignments pass through stretches of steep slope and difficult terrain in some site which could expose workers to safety risks.
		Risks of conflict with local communities due to lack of awareness of local norms by project workers from outside the project area such as sexual harassment and disrespect to local norms may risk conflicts between local communities and project workers from outside the project areas.
		<ul> <li>Mitigation measures/further assessment during project implementation:</li> <li>PMU, project officers, implementing partners and organizations must ensure compliance to national laws and international agreements on labour rights. In particular, the safeguards expert will monitor and that the project activities comply with; <ul> <li>equal pay for equal work hours to be maintained for workers in the project activities</li> <li>awareness are conducted by project/local administration to contractors and local employee on labour regulations and standards</li> <li>Contract package should include occupational health and safety provisions in their budget.</li> <li>safety measures are implemented while implementing work and PPE and safety gears are provided and used by workers at project site.</li> </ul> </li> </ul>

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		<ul> <li>Contractual arrangements to include proper establishment of amenities in temporary worker camps and provide proper working conditions as per labour regulations</li> <li>Worker data to be maintained at site with age and identify cards.</li> </ul>
Involuntary Resettlement	✓	<ul> <li>Low risk: The Land Act 2007 and land Compensations Rates 2017 provide clear and mandatory arrangements for compensations. This project will not resettle households or families, neither in physical nor economic terms.</li> <li>Precautionary measures:</li> <li>Avail clearance from all concerned agencies and consent from all affected individuals and parties</li> </ul>
Protection of Forests and Natural Habitats		<ul> <li>Moderate risk:         The local territorial forest officials regularly monitor forest product movement. As a result, the project's activities are not expected to have any adverse impact on the environment or natural habitats. Some activities requiring restoration of cleared sites through plantation could potentially have adverse impacts if non-native plants are used for replantation.     </li> <li>Mitigation measures/further assessment during project implementation:         <ul> <li>Only native species to be used for any plantation for restoration works in forest areas</li> </ul> </li> </ul>
Conservation of Biological Diversity		<i>Moderate risk:</i> The project activities do not pass through any protected, prohibited or restricted areas. However, some activities of Component 2, such as establishment of irrigation and drinking water involves drawing water from natural streams. This could potentially have adverse impacts on biodiversity if adequate provisions of environmental flows are not maintained. Further, due to availability of irrigation water, increased cultivation of high income varieties may increase risk of neglecting native varieties.
		<ul> <li>Mitigation measures/further assessment during project implementation:</li> <li>Introduction of alien and invasive crop/plant species. To. be avoided;</li> <li>30% of the lean flow from natural streams to be maintained in all natural streams where the project activities will draw surface water as per the Water Regulations and in alignment with the Water Act 2011</li> </ul>

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		- Design of infrastructure for water scheme should be based on discharge measurements at the source during lean and peak rainfall seasons
Climate Change		Moderate risk:         The entire project is designed to reduce beneficiaries' exposure and vulnerability to the effects of climate change and increase their adaptive capacity. The project will not generate any significant emissions of greenhouse gases or reduce carbon sinks capacity. Many project activities will be designed to be low-emissions, as well as adaptive – e.g. increase in vegetative cover through SLM activities and watershed management. All project components and activities will be designed to contribute to increasing local capacities to sustainably face climate change. The promotion of: i) watershed management; ii) Institutional and community capacity for water governance and climate information iii) ensuring availability or drinking and irrigation water are expected to ensure a better adaptability changing climatic conditions. However, heavy rains resulting local soil erosions could harm project assets. Landslides may be triggered by bursting of water channel         Mitigation measures/further assessment during project implementation:         Need to ensure use of climate resilient design for all water infrastructure in the project such as;         -       Use pipes for conveyance of water to be securely embedded underground         -       Executing entities shall ensure the use of appropriate materials and ensure that joints are of appropriate quality.         -       Project contractual arrangement to include an O&M period during which any events such as burst of pipes and eventual damage to agriculture lands to be restored by the contractor during the liability period
Pollution Prevention and Resource Efficiency		<i>Moderate risk:</i> With assured irrigation water, intensification of agriculture activities such as increased vegetable cultivation could risk farmers adopting chemical fertilizers leading to soil pollution.
		Use of limited quantities of chemical fertilizers may pollute flow of tail end water in natural landscapes. Inappropriate waste at temporary worker camps in project sites may result in risk of limited desecration of natural landscapes.
		Minor excavation works and ground clearance will cause limited disturbances to local soil and vegetation.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
		Risk of unsustainable extraction of water is low as drawing of water is guided by e-flow requirements which is required by the Water and Regulations as well as specified in the environmental clearance for project activities.
		<i>Mitigation measures/further assessment during project implementation:</i> The safeguards expert to monitor strategically the project activities, on compliance of the terms laid down in the forest clearance and environmental clearance documents and ensure periodic water quality monitoring reports for drinking water are maintained by local health center.
Public Health		<i>Moderate risk:</i> Migrant workers with unknown medical and travel history could risk transmission of diseases that are not prevalent in the project areas to local communities and among project workers and staff.
		Contractors may resort to cheaper arrangement of worker camps with inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labour camps which could pose health and hygiene risk to workers.
		<i>Mitigation measures/further assessment during project implementation:</i> The safeguards expert will monitor that the contractual arrangements include occupational health and safety provisions and that these terms and conditions are compiled to by contractors and site engineers. The PMU will ensure that disbursement is not made without proving compliance to these terms and conditions.
Physical and Cultural Heritage	✓	<i>Low risk:</i> Project workers from outside may not be aware of local cultural/sacred sites and may cause unintentional damage.
		Alignment pipes and water lines may pass through any local cultural assets.
		Where cultural sites are observed in the project areas, cultural clearance are sought for project activities. The clearance document defines terms and conditions that enable avoidance of any harm on such assets.
		<i>Precautionary measures:</i> The safeguards expert will monitor that the terms and conditions specified in cultural clearances are compiled by contractors and site engineers. The PMU will ensure that disbursement is not made without proving compliance to these terms and conditions.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Lands and Soil Conservation		<ul> <li>Moderate risk: The project includes activities in soil conservation and SLM in the agricultural areas as well as watershed management. This includes ensuring land and soil conservation, as well as protection and enhancement of natural habitats in the project areas. The activities related to establishment of drinking and irrigation water may cause temporary minor soil erosions during the project implementation phase. </li> <li>Mitigation measures/further assessment during project implementation: <ul> <li>Exposed soil to be restored back into the trench after pipe layout and minor clearance sites to be restored by planting native plants.</li> <li>Ensure proper joining of water pipes</li> <li>Risks related to leakage of pipes, post implementation phase will be mitigated by regular monitoring of water lines by the Chusup, a member of WUA executive with responsibility for water infrastructure maintenance. The project should train Chusups in all project locations on maintenance of water lines.</li> </ul></li></ul>

## E5 Description of project ESS Risks, Impacts and mitigation measures

Risks and impacts according to AF principles and associated project activities are identified and mitigation measures proposed are presented Table 6.

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
COMPLIANCE WITH THE LAW	<ol> <li>Lack of awareness on some provisions of Water Act, Land Act, National Environment Protection Act may cause non-compliance to the provisions of the act by project beneficiaries. Lack of clarity in proportion of water allocations to different types of users at local level could cause conflicts within communities at the local level and may risk noncompliance to the Water Act.</li> </ol>	<i>Negative (Social);</i> Community conflicts due to lack of awareness on water sharing rights and proportions	1.1.1 to 1.1.5; 1.2.4; 2.1.1; 2.2.1 to 2.2.3; 3.1.2	2. Awareness to project stakeholders, project staff, local community representatives and project contractors on relevant provisions of Water Act, Land Act, National Environment Protection Act and regulations
ACCESS AND EQUITY	<ul> <li>2.1 Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. New settlers may face accessibility issues as they have not been members of WUAs in the past.</li> <li>2.2 Emergence of commercial activities could marginalize rural households and may result in unequal benefits to communities from project assets.</li> </ul>	Negative (Social) Poor households and new settlers or absentee households may face challenges of accessing project benefits. Conflicts due to lack of clarity on proportions of water allocation	2.2.1; 2.2.2; 2.4.1	<ul> <li>2.1 Articles of association of WUAs to include clause on: <ul> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> </ul> </li> <li>2.2 Articles of association of WUAs to include clause defining proportion water to be allocated as well as rates of WUA fees by different categories</li> </ul>

 Table 6: Environmental and Social Risks and mitigation measures

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
				such as rural household, commercial buildings or industrial establishment. Strengthen WUAs to protect rights
				of member households through training of WUA executives
MARGINALIZED AND VULNERABLE GROUPS	3. Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association.	Negative (Social) Marginalized and Vulnerable households may face challenges of project accessing benefits.	2.2.1; 2.2.2; 2.4.1	<ul> <li>3.1 WUA articles include clause on:</li> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> </ul>
				3.2 Water transmission line to include T-points for all settlements to enable distribution from the main water line to member communities
GENDER EQUALITY AND WOMEN'S EMPOWERMENT	4. Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may be not be able to fully participate in project activities and may be left out from	Negative (Social) Women-headed households may face challenges in project	2.2.1; 2.2.2; 2.4.1	4.1 Include women in training community members on water governance and management including on book-keeping
	membership and leadership roles in the WUAs.	accessing benefits		4.2 Ensure women to take leadership positions of WUAs

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
		Overall participation of women in development activities may remain weak.		<ul> <li>4.3 Encourage female workers at project sites to form a committee of their representatives to discuss their concerns and issues with the management on a weekly basis.</li> <li>4.4 Provide adequate and separate sanitation facilities for men and women at project sites.</li> </ul>
INDIGENOUS PEOPLES	Not applicable. However, the project will ensure that free and prior informed consent are secured for all activities that associated with stakeholders including marginalized and vulnerable groups. The process for securing environmental clearance for every project activity will include FPIC from affected stakeholders or individuals.		1.3.3; 2.1.1; 2.1.2; 2.2.1; 2.2.2	All project activities have valid environmental clearance including required attachments comprising of forest clearance, community clearance, individual clearances.
CORE LABOUR RIGHTS	5.1 Due to difference in physical strength of men and women, contractors may adopt differential work compensation between men and women. Contractors may not fully comply with labor laws and standards in employing workers establishing appropriate working conditions such as inadequate water supply, waste management arrangements, inadequate sanitation arrangements at temporary labor camps which could pose health and hygiene risk to workers. Further, contractors may employ school children under 18 years of age during school holidays. Proposed pipeline of alignments pass through stretches of steep slope and	Negative (social).Project activities maydeviate from core labourstandards as identifiedby the InternationalLabour Organizationand Labour &Employment Act 2007.Health and Safety ofworkers may becompromised.	1.3.3; 2.1.1; 2.1.2; 2.2.1; 2.2.2	<ul> <li>5.1 Project's contractual arrangement with contractors include clauses on; <ul> <li>equal pay for equal work hours to for workers in the project activities</li> <li>Occupational health and safety provisions in the budget for contract bidding.</li> <li>safety measures are implemented while implementing work and PPE and safety gears are provided and used by workers at project site. Maintain PPE Issuance Register at sites.</li> </ul></li></ul>

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
	difficult terrain in some site which could expose workers to safety risks. 5.2 Risks of conflict with local communities due to lack of awareness of local norms by project workers from outside the project area such as sexual harassment and disrespect to local norms may risk conflicts between local communities and project workers from outside the project areas.	Project workers may be involved in conflict with local norms.		<ul> <li>Provide first aid kits for minor treatment at site throughout the construction phase</li> <li>Contractual arrangements to include proper establishment of amenities in temporary worker camps and provide proper working conditions as per labour regulations,</li> <li>Worker data to be maintained at site with age and identify cards. Verify labourers' age by checking their identity cards and date of birth prior to their engagement in the project.</li> <li>Check salary disbursement sheets for salary amount paid. Interview labourers to verify labour wage amount received</li> <li>Maintain Grievance Register for proper documentation of the grievance lodged and resolution dispensed.</li> <li>5.2 Awareness to conducted by project/local administration to contractors and local employee on labour regulations and standards</li> </ul>
INVOLUNTARY RESETTLEMENT	6. The layout of pipes for irrigation and drinking water passes through some private land. However, loss of land or income is not	Negative (Social)		6. Ensure consent on project activities from all affected individuals and

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
	foreseen as the pipes will be laid underground and project does not include land acquisition. Land disputes are not foreseen. However, risk of minor disputes due to lack of awareness of project activity locations may arise and minor disputes may arise from water distribution arrangements.	Project activities may be delayed	2.1.1; 2.1.2; 2.2.1; 2.2.2	parties including sectoral and agency clearances and monitor terms and conditions specified in these clearances.
PROTECTION OF FORESTS AND NATURAL HABITATS	<ul> <li>7.1 The project activities do not pass through any protected, prohibited or restricted areas. However, minor clearing works for access route to transport materials along water lines may cause minor site specific disturbances to local forest but will not involve conversion of forest land use. Workers may harvest non timber forest products but such collection for consumption and not for commercial purposes. Limited firewood collection for use by project workers at site will happen although timber harvesting is not foreseen.</li> <li>7.2 Trenching work for underground layout of water pipe lines will involve minor disturbances to forest soils although such disturbances will be temporary and limited to pipe alignment.</li> <li>7.3 Some activities requiring restoration of cleared sites through plantation could potentially have adverse impacts if nonnative plants are used for replantation</li> </ul>	Negative (Environmental) Minor site-specific disturbances to local forest soils. May contribute to local forest degradation Possibility of introducing invasive species into local vegetation.	2.1.1; 2.1.2; 2.2.1; 2.2.2	<ul> <li>7.1 Environmental and forestry clearance to be made mandatory for project activities and terms and conditions on the relevant clearances to be monitored.</li> <li>7.2 Ensure proper burying of pipes, refilling of trenches and revegetation of trenched soil</li> <li>Disposed un-restored excavated muck safely in designated sites</li> <li>7.3 Only native species to be used for any plantation in forest areas for restoration works. No introduction of alien crop/plant species to be supported by the project</li> <li>7.4 Stockpile the construction materials away from the aquatic environment that may allow for release into the environment</li> </ul>

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
CONSERVATION OF BIOLOGICAL DIVERSITY	<ul> <li>7.4 Improper stockpiling of construction materials may damage natural landscape conditions.</li> <li>8.1 The project activities do not pass through any protected, prohibited or restricted areas. Increase cultivation of high income verities may increase risk of neglecting native crop varieties.</li> <li>8.2 Irrigation and drinking water supply for the project will be drawn from natural streams. Noncompliance to environmental flow standards could pose risk of disturbing local aquatic life</li> </ul>	Negative (Environmental) Native species conservation may be hampered. Reduced environmental flow into natural drainages may negative impact local biodiversity.	2.1.1; 2.1.2; 2.2.1; 2.2.2; 2.2.4; 3.1.2;	<ul> <li>8.1 30% of the lean flow of natural streams at catchment to be maintained as e-flow in all project activities as per the Water Regulations and in alignment with the Water Act 2011. Design of the scheme should be based on discharge measurements at the source during lean and peak rainfall seasons</li> <li>8.2 SLM component to encourage traditional varieties in the wet season when pest outbreaks are common of farmers consider modern varieties during dry months with advantage of the assured irrigation so that traditional crop verities and not lost</li> </ul>
CLIMATE CHANGE	<ul> <li>9.1 Heavy rains and resulting local soil erosions could harm project assets.</li> <li>Landslides may be triggered by bursting of water channel</li> <li>9.2 Poor quality infrastructure design and construction may render project assets inefficient</li> </ul>	Negative (Economical) Project assets may be damaged causing economic losses or may not function to optimum capacity	2.1.1; 2.1.2; 2.2.1; .2.2.2; 2.2.3; 2.2.4; 3.1.2	9. Incorporate climate-resilient design of infrastructure and construct structures combining concrete infrastructure along with bio- engineering measures as a means to enhance strength and resilience of infrastructure against landslides and floods such as use of pipes supported by pillars or suspended pipes at stream crossings, reinforcement with concrete protection walls at intakes,

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
				reservoirs, bio-engineering techniques in unstable areas.
				9.2 Train engineers in climate resilient designs and monitor implementation of construction of climate resilient infrastructure and train WUA office bearers on minor water infrastructure maintenance and use of tools and technologies and efficient management
				Project contractual arrangement to include an O&M period during which any events such as burst of pipes and eventual damage to agriculture lands to be restored by the contractor during the liability period.
				Carry out site specific ESIA as per activity design and prepare activity. Specific ESMP
POLLUTION PREVENTION & RESOURCE EFFICIENCY	10.1 With assured irrigation water, intensification of agriculture activities such as increased vegetable cultivation could risk farmers adopting chemical fertilizers leading to soil pollution. Use of limited quantities of chemical fertilizers may pollute flow of tail end water in natural landscapes	Negative (Environmental) Possibility of pollution of soils and reduced soil fertility of irrigated lands	3.1.2; 3.3.3; 3.1.4	<ul> <li>10.1 Sustainable land malmanagement interventions to include tail end and field water management and awareness on;</li> <li>long terms negative impact on loss of soil fertility through application of chemical fertilizers</li> <li>benefits of sustainable soil fertility</li> </ul>
	10.2 Inappropriate waste at temporary worker camps in project sites may result in	Decertation of landscapes, soil		management interventions

AF Principles	Risks	Impacts	Relevant Project activities	Mitigation Measures
	risk of limited desecration of natural landscapes	pollution and water pollution.		<ul> <li>10.2 Contractual arrangements to include proper establishment of amenities in temporary worker camps including proper waste management.</li> <li>organic wastes to be disposed in pits dug near the camp and keep non-degradable wastes in sacks for transfer to waste collectors.</li> </ul>
PUBLIC HEALTH	11. Migrant workers with unknown medical and travel history could risk transmission of diseases that are not prevalent in the project areas to local communities and among project workers and staff	Negative (Social) Cause community health concerns Health and Safety of	2.1.1; 2.1.2; 2.2.1; .2.2.2; 2.2.3; 2.2.4	11. Ensure project contractors at site implement health safety protocols from the start include prior medical screening protocols and maintenance of first aid kits at worker camp sites.
		workers may be compromised.		Locate worker campsites away from local settlements.
PHYSICAL AND CULTURAL RESOURCES/HERITAGE	<ul> <li>12.1 Project workers form outside may not be aware of local cultural/sacred sites and may cause unintentional damages</li> <li>12.2 Alignment pipes and water lines may pass through cultural sites</li> </ul>	Negative (Social) Unintentional desecration of local sacred/cultural sites and conflict with local communities.	2.1.1; 2.1.2; 2.2.1; .2.2.2;2. 2.3; 2.2.4	<ul> <li>12.1 Orient migrant workers on local norms and sacred sites in project locations</li> <li>12.2 Where cultural sites are observed in the project areas, cultural clearance are sought for project activities. The clearance document defines terms and conditions that enable avoidance of any harm on such assets. Monitor compliance of conditions specified in cultural clearance for project activities. Alignment pipes and water lines through cultural sites to be avoided</li> </ul>

AF Principles	Risks	Impacts	Relevant Project	Mitigation Measures
AFTImopics			activities	
LANDS AND SOIL CONSERVATION	13. The activities related to establishment of drinking and irrigation water may cause temporary minor soil erosions during the project implementation phase.	Negative (Environmental) Local mudslide and soil erosions	2.1.1; 2.1.2; 2.1.3; 3.1.2; 3.3.3; 3.1.4	<ul> <li>13.1 Exposed soil to be restored back into the trench after pipe layout and minor clearance sites to be restored by planting native plants.</li> <li>13.2 Contractual arrangements to include proper restoration of exposed soils and access trails.</li> <li>13.3 Advocate use of integrated pest management practices for preventing and managing pests and promote and use bio-pesticides under the project for managing pests in paddy and vegetables</li> </ul>

# F. Project Environmental and Social Management Plan (ESMP)

The project level ESMP has been developed through participatory identification of mitigation measures for each identified risk

Table 7: Project Environmental and Social Management Plan (ESMP)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
1.1: Lack of clarity in proportion of water allocations and community conflicts	1.1 Awareness to project stakeholders, project staff, local community representatives and project contractors on relevant provisions on Water Act, Land Act, National Environment Protection Act and regulations	PMU	During sensitization on the project activities in Q1 of year 1	No. of people benefited / Number of people in the participated in sensitization by stakeholder category and gender	0 (Included in project activities)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
<ul> <li>2.1 Poor households may not be able to participate or provide financial or labour contributions to the water user groups/association. New settlers may face accessibility issues as they have not been members of WUAs in the past.</li> <li>2.2 Emergence of commercial activities could marginalize rural households and may result in unequal benefits to communities from project</li> </ul>	<ul> <li>2.1 Articles of association of WUAs to include clause on: <ul> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> </ul> </li> <li>2.2 Articles of association of WUAs to include clause defining proportion water to be allocated as well as rates of WUA fees by different categories such as rural household, commercial buildings or industrial establishment.</li> <li>Strengthen WUAs to protect rights of member households through training of WUA executives</li> </ul>	Dzongkhags	Year 2 onwards	All project supported WUAs are registered with concerned gewogs and WUA Articles of association are available in gewog offices All WUA Articles of association defines community exemptions and conditions of exemptions; right of access to water by all and water allocation framework	0 (Included in project
3. Marginalized and Vulnerable Groups may not be able to participate or provide financial or labour contributions to the water user groups/association.	<ul> <li>3.1 WUA articles include clause on:</li> <li>community exemptions for poor households in terms of financial or labour contributions to the water user groups/association.</li> <li>mention on providing equal access to new settlers</li> <li>3.2 Water transmission line to include T-points for all settlements to enable distribution from the main water line to member communities</li> </ul>	Dzongkhags	Year 2 onwards	All project supported WUAs are registered with concerned gewogs and WUA Articles of association are available in gewog offices All WUA Articles of association defines community exemptions and conditions of exemptions; right of access to water by all and water allocation framework Every community has a water distribution point	0 (included in project activities)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
4. Statistics of current situation show limited participation by women in the executive role of WUAs. Women-headed households may be not be able to fully participate in project activities and may be left out from membership and leadership roles in the WUAs.	<ul> <li>4.1 Include women in training community members on water governance and management including on book-keeping</li> <li>4.2 Ensure women to take leadership positions of WUAs</li> <li>4.3 Encourage female workers at project sites to form a committee of their representatives to discuss their concerns and issues with the management on a weekly basis.</li> <li>4.4 Provide adequate and separate</li> </ul>			from the main water conveyance line 50% of participants at community level consultation workshop and trainings supported by the project comprise of women and youth 30% officer bearers of WUAs supported by the project are women Project sites where women workers are involved have a woman representative All project sites have	0 (included in project activities)
5.1 Due to difference in physical strength of men and women, contractors may adopt differential work compensation between men and women. Contractors may not fully comply with labor laws and standards in employing workers establishing appropriate working conditions such as inadequate water supply, waste management arrangements, inadequate sanitation	<ul> <li>sanitation facilities for men and women</li> <li>5.1 Project's contractual arrangement with contractors include clauses on; <ul> <li>equal pay for equal work hours to for workers in the project activities</li> <li>Occupational health and safety provisions in the budget for contract bidding.</li> <li>safety measures are implemented while implementing work and PPE and safety gears are provided and used by workers at project</li> </ul> </li> </ul>	PMU on contract clauses Project Site engineers for supervisions SGE for monitoring Contractors to maintain records	Year 1 Year 2 onwards	separate sanitation facilities for men and women PPE Issuance Register maintained at sites Worker data to be maintained at site with age and identify cards Salary disbursement sheets show equal pay for equal work	0 (included in project activities)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
arrangements at temporary labor camps which could pose health and hygiene risk to workers. Further, contractors may employ school children under 18 years of age during school holidays. Proposed pipeline of alignments pass through stretches of steep slope and difficult terrain in some site which could expose workers to safety risks. 5.2 Risks of conflict with local communities due to lack of awareness of local norms by project workers from outside the project area such as sexual harassment and disrespect to local norms may risk conflicts between local communities and project workers from outside the project areas.	<ul> <li>site. Maintain PPE Issuance Register at sites.</li> <li>Provide first aid kits for minor treatment at site throughout the construction phase</li> <li>Contractual arrangements to include proper establishment of amenities in temporary worker camps and provide proper working conditions as per labour regulations,</li> <li>Worker data to be maintained at site with age and identify cards. Verify labourers' age by checking their identity cards and date of birth prior to their engagement in the project.</li> <li>Check salary disbursement sheets for salary amount paid. Interview labourers to verify labour wage amount received</li> <li>Maintain Grievance Register for proper documentation of the grievance lodged and resolution dispensed.</li> </ul>			Physical site conditions show sanitation, waste, first aid, signages facilities Proportion of workers at site who are aware of occupational health and safety provisions and standards	
	5.2 Awareness to be conducted by project/local administration to				
	contractors and local employee on labour regulations and standards				

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
6. Risk of minor disputes due	6. Ensure consent on project	PMU on	Clearances to be	Environmental clearance,	
to lack of awareness of project	activities from all affected	ensuring and	availed prior to	social clearances, sectoral	
activity locations and minor	individuals and parties including	renewing	start of project	clearance and consent	
disputes due to lack of clarity	sectoral and agency clearances and	sectoral and	implementation	letters from individuals	
on water distribution	monitor terms and conditions	agency		who may be affected (See	
arrangements.	specified in these clearances.	clearances	Clearance	Section M for initial	
			renewals to be	clearance and consent	0
		SGE and M&E	based on	document)	(included in
		officer for	validity of each		with 7.1)
		compliance	clearance		
		monitoring of	document		
		terms and			
		conditions in the			
		clearance			
		documents			
7.1 The project activities do	7.1 Environmental and forestry				
not pass through any	clearance to be made mandatory for				
protected, prohibited or	project activities and terms and				
restricted areas. However,	conditions on the relevant clearances				
minor clearing works for	to be monitored.				
access route to transport					
materials along water lines					
may cause minor site specific					
disturbances to local forest but					
will not involve conversion of					
forest land use. Workers may					
harvest non timber forest					
products but such collection					
for consumption and not for		Site engineers			
commercial purposes. Limited		for supervision			
firewood collection for use by					
project workers at site will		SGE for		Environmental clearance	
happen although timber		periodic		and forest clearance are	
harvesting is not foreseen.		monitoring	Year 2 onwards	renewed without obstacles	10,000

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
<ul> <li>7.2 Trenching work for underground layout of water pipe lines will involve minor disturbances to forest soils although such disturbances will be temporary and limited to pipe alignment.</li> <li>7.3 Some activities requiring restoration of cleared sites through plantation could potentially have adverse impacts if non-native plants are used for replantation</li> <li>7.4 Improper stockpiling of construction materials may damage natural landscape conditions.</li> </ul>	<ul> <li>7.2 Ensure proper burying of pipes, refilling of trenches and revegetation of trenched soil. Disposed unrestored excavated muck safely in designated sites</li> <li>7.3 Only native species to be used for any plantation in forest areas for restoration works. No introduction of alien crop/plant species to be supported by the project</li> <li>7.4 Stockpile the construction materials away from the aquatic environment that may allow for release into the environment</li> </ul>				
<ul> <li>8.1 The project activities do not pass through any protected, prohibited or restricted areas. Increase cultivation of high income verities may increase risk of neglecting native crop varieties.</li> <li>8.2 Irrigation and drinking</li> </ul>	8.1 30% of the lean flow of natural streams at catchment to be maintained as e-flow in all project activities as per the Water Regulations and in alignment with the Water Act 2011. Design of the scheme should be based on discharge measurements at the source during lean and peak rainfall seasons	PMU for 8.1 and	Year 1 for 8.1	Discharge measurement records at water source during lean and peak rainfall seasons for all sites E-flow calculations	
water supply for the project will be drawn from natural streams. Noncompliance to environmental flow standards	8.2 SLM component to encourage traditional varieties in the wet season when pest outbreaks are common of farmers consider modern varieties	DoA for 8.2			0 (included in project activities)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
could pose risk of disturbing local aquatic life	during dry months with advantage of the assured irrigation so that traditional crop verities and not lost		Year 2 onwards for 8.2	Record of native crops varieties of major cereals and vegetable crops in irrigation sites and calendar of cultivation	
<ul> <li>9.1 Heavy rains and resulting local soil erosions could harm project assets. Landslides may be triggered by bursting of water channel</li> <li>9.2 Poor quality infrastructure design and construction may render project assets inefficient</li> </ul>	<ul> <li>9. Incorporate climate-resilient design of infrastructure and construct structures combining concrete infrastructure along with bio- engineering measures as a means to enhance strength and resilience of infrastructure against landslides and floods such as use of pipes supported by pillars or suspended pipes at stream crossings, reinforcement with concrete protection walls at intakes, reservoirs, bio-engineering techniques in unstable areas.</li> <li>9.2 Train engineers in climate resilient designs and monitor implementation of construction of climate resilient infrastructure and train WUA office bearers on minor water infrastructure maintenance and use of tools and technologies and efficient management</li> <li>Project contractual arrangement to include an O&amp;M period during which any events such as burst of pipes and eventual damage to agriculture lands to be restored by the contractor during the liability period.</li> </ul>	PMU for conducting training on climate resilient technology SGE for activity specific ESIA and ESMP	Prior to construction (year 1)	Infrastructure design are climate resilient No of engineers trained in climate resilient designs No of WUA office bearers trained on minor water infrastructure maintenance and use of tools and technologies and efficient management 1 year O&M period included in contractors contract document Site and activity ESIA report and ESMPs	Training costs included in project activity ESIA and ESMP (20,000)

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
	Carry out site specific ESIA as per activity design and prepare activity. Specific ESMP				
<ul> <li>10.1 With assured irrigation water, intensification of agriculture activities such as increased vegetable cultivation could risk farmers adopting chemical fertilizers leading to soil pollution. Use of limited quantities of chemical fertilizers may pollute flow of tail end water in natural landscapes</li> <li>10.2 Inappropriate waste at temporary worker camps in project sites may result in risk of limited desecration of natural landscapes</li> </ul>	<ul> <li>10.1 Sustainable land malmanagement interventions to include tail end and field water management and awareness on;</li> <li>long terms negative impact on loss of soil fertility through application of chemical fertilizers</li> <li>benefits of sustainable soil fertility management interventions</li> <li>10.2 Contractual arrangements to include proper establishment of amenities in temporary worker camps including proper waste management. organic wastes to be disposed in pits dug near the camp and keep non- degradable wastes in sacks for transfer to waste collectors</li> </ul>	DOA for 10.1 PMU for 10.2	Year 2 onwards for 10.1 Year 1 for 10.2	Tail end water management and SLM training provided to communities Waste management systems established in project sites	0 (included in project activities) No cost
11. Migrant workers with unknown medical and travel history could risk transmission of diseases that are not prevalent in the project areas to local communities and among project workers and staff	<ul> <li>11. Ensure project contractors at site implement health safety protocols from the start include prior medical screening protocols and maintenance of first aid kits at worker camp sites.</li> <li>Locate worker campsites away from local settlements.</li> </ul>	PMU Contractors	Throughout project period	Medical screening reports of workers Written statement of health and safety policy Availability of first aid kit at worker campsite Location of migrant worker camp sites	No cost

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)
<ul> <li>12.1 Project workers form outside may not be aware of local cultural/sacred sites and may cause unintentional damages</li> <li>12.2 Alignment pipes and water lines may pass through cultural sites</li> </ul>	<ul> <li>12.1 Orient migrant workers on local norms and sacred sites in project locations</li> <li>12.2 Where cultural sites are observed in the project areas, cultural clearance are sought for project activities. The clearance document defines terms and conditions that enable avoidance of any harm on such assets. Monitor compliance of conditions specified in cultural clearance for project activities. Alignment pipes and water lines through cultural sites to be avoided</li> </ul>	Contractors PMU for cultural clearance SGE for monitoring	Throughout project period	Awareness of local norms and sacred sites by migrant workers Cultural clearance are renewed without obstacles	No cost
13. The activities related to establishment of drinking and irrigation water may cause temporary minor soil erosions during the project implementation phase.	<ul> <li>13.1 Exposed soil to be restored back into the trench after pipe layout and minor clearance sites to be restored by planting native plants.</li> <li>13.2 Contractual arrangements to include proper restoration of exposed soils and access trails.</li> <li>13.3 Advocate use of integrated pest management practices for preventing and managing pests and promote and use bio-pesticides under the project for managing pests in paddy and vegetables</li> </ul>	Year 2 onwards	Contractors PMU DoA	Contract documents include clause on proper restoration of exposed soils and access trails used during construction period SLM trainings and sensitization to communities include topics on integrated pest management practices and bio-pesticides	No cost
Absence of valid environmental clearance and its attachments comprising of	Ensure the project has valid environmental clearance and its attachments	ESG Expert and PMU	Throughout the project implementation	Valid environmental clearance and status of compliance to terms and	No cost

Risk	Mitigation Measures	Responsibility	Timing	Key Indicator	Budget (US \$)	
forest clearance, community clearance, individual clearances may lead to exclusion of affected community groups of households.	Ensure the terms and conditions reflected in the environmental clearance and its attachments are implemented.			conditions laid out in the clearance documents.		
Total cost for mitigating measur	Total cost for mitigating measures					

## G. Monitoring of Project Environmental and Social Management Plan

The compliance to ESMP will be monitored by various entities at different stages of preparation and implementation as follows.

#### Monitoring at the project level.

The overall responsibility for implementing the ESMP and for monitoring the compliance of the project's environmental safeguard activities lies with the PMU. The Safeguards and Gender Expert (SGE) at the PMU shall oversee implementation of field activities relating to ESMP and coordinate with the project Dzongkhags. The ESMP compliance monitoring will also include grievances that are reported through the Grievance Redress Mechanism (GRM) and on the status of redressal of grievances reported. The grievance data should be analysed and evaluated to make policy and/or process changes to minimize similar grievances in the future. Record of each grievance that has been reported and its resolution must be recorded and reported in the progress reporting of project activities.

#### Monitoring at the field activity level:

Self-regulatory monitoring should be adopted by the concerned Dzongkhags. The terms and conditions included in the environment clearances for project activities must be taken care of during the implementation of individual field activities. Self-monitoring reports by the Dzongkhag Environment Officers and site engineers should be filed to the PCU on a quarterly basis and should be liable for adhoc inspection by the PMU.

The Dzongkhags shall be responsible for supervision of environmental compliance by the service providers for the project activities as and when they are involved or by the concerned communities as the case may be. Environmental and social mitigation measures carried out by these parties should be verified by the Dzongkhag Engineers with support from the Dzongkhag Environment Officers and must be documented. Disbursements of project activity funds by the PMU should be linked to satisfactory compliance to ESMP of specific activities.

Monitoring Activity	Description	· ·	Roles and Responsibiliti es	
Update of ESMP	Based on detail design of drinking water/irrigation infrastructure, watershed activities and SLM innervations and baseline the ESMP will be updates.	-	PMU/ESG Expert	10,000
Track progress of ESMP implementation	Implementation of this ESMP and or activity specific ESMPs to be monitored periodically reported to each Project Steering Committee on an annual basis.	Quarterly	PMU	None
Check validity of activity specific environmental clearance and its attachments.	Site visits and review of project activities.	Annually.	PMU/ESG Expert.	None.
Baseline survey for identification of vulnerable and marginalized households in project communities.	A baseline survey to identify all vulnerable and marginalized households in project areas to be done so that the WUAs and can exercise consider community exemptions to such. Households in terms of contributions (labour or monetary)	months of	PMU	10,000
Annual review of ESMP implementation, GRM.	Meetings and site visits	At least annually	ESG Expert	10,000

## Table 8: ESMP Monitoring Plan

Monitoring Activity	Description	Roles and Responsibiliti es	Cost				
review and GAP							
implementation							
Total cost for ESMP Monitor	ring	Total cost for ESMP Monitoring					

## H. Cost for Environment and Social Safeguards

Table 9:Overall cost for Environment and Social Safeguards

No	Cost items	Total amount (US\$)
	Cost of environmental and Safeguards and Gender	
1	Expert (6 months)	35,000
2	Cost of implementation of ESMP (Table 7)	30,000
3	Cost of ESMP Monitoring (Table 8)	30,000
	Total cost of ESS	95 ,000

## I Grievance Redress Mechanism (GRM) and Process for the project

Due to the large number of stakeholders, especially the communities living within the project areas, a Grievance Redress Mechanism (GRM) that effectively collects and responds to stakeholders' concerns, suggestions and complaints is necessary as an integral part of the project. It will provide a platform and access for all affected stakeholders to lodge project implementation issues and complaints and ensure unbiased confidentiality, responsiveness and accountability to their complaints. It takes into account the availability of customary dispute settlement mechanisms among the communities as for judicial recourse.

The GRM aims to provide people who suffer adverse impacts from the project activities an opportunity to be heard and be assisted. Any affected party may file a complaint directly or through a representative with concrete evidence of authority to represent them. While anonymous complaints will not be considered, complainants can request confidentiality.

The objective of establishing GRM is to provide an effective and efficient mechanism for settlement of conflicts or grievances and to adopt measures to ensure an expeditious settlement of grievances relating to the project activities leading to effective implementation of the project. The GRM has been proposed based the following seven core principles to be adhered while dealing with grievances for its resolution.

- 1. *Fairness:* Grievances are assessed impartially and handled transparently.
- 2. *Objectiveness and independence:* The GRM operate independently of all interested parties in order to guarantee fair, objective, and impartial treatment to each case.
- 3. *Simplicity and accessibility:* Procedures to file grievances and seek action are simple enough that project beneficiaries can easily understand them.
- 4. *Responsiveness and efficiency:* The GRM is designed to be responsive to the needs of all complainants.
- 5. *Speed and proportionality:* All grievances, simple or complex, are addressed and resolved as quickly as possible in a constructive manner.
- 6. *Social inclusion:* Special attention is given to ensure that poor people and marginalized groups, including those with special needs, are able to access the GRM.
- 7. *Accountability:* Each grievance reported are, resolved or escalated to the next higher level till its resolution and proper records are maintained at each level. Progress reporting of project activities should include a reporting on grievance resolution.

It is in the interest of the project as well as the stakeholders involved for the smooth implementation of its activities. Hence, any issues, conflicts, or grievances arising out of project activities must be adequately addressed.

The GRM for the project will comprise of the following process:

## (1) Receipt and Register Grievances

Any grievances related to the project activities can be reported through the concerned Tshogpa, Gewog Administration, or other authorities for its resolution to the Gewog Dzingsel Tshogpa (Gewog Dispute Resolution Committee. The channel for grievances submission can be either personal submission or through mail, e-mail, telephone, project staff or text messaging/SMS. Such submission should be recorded in writing at the Gewog.

Alternatively, any member of the Gewog Administration or officials associated with the project, its vendors/suppliers, other stakeholders and the public at large could also can lodge complaints on the website of the BTFEC (<u>https://www.bhutantrustfund.bt/lodge-complaint</u>). These complaints could relate to:

- a. Allegations of Fraud, Malpractices or Corruption related to the project activities
- b. Environmental and/or Social damages/harms caused by project activities as may be related to any of the 15 principles of the AF;

It would be preferable that the complainant, provide some contact details so that concerned authorities can contact the person for additional information, if required during investigation. However, where feedback is not required by the complainants, they may choose not to provide such details.

## (2) Sorting and Processing

It is anticipated that various types of grievances will be reported wherein different follow-up actions will be required. The grievances can be categorized into four types: (a) comments, suggestions, or queries; (b) complaints relating to non-performance of the project; (c) complaints referring to violations of law and/or corruption while implementing the project activities; (d) complaints against authorities, officials or community members involved in the project management; and (e) any complaints/issues not falling in the above categories. The Gewog Administration will maintain a record of complaints by the above categories as and when such grievances are received.

## (3) Acknowledgment and Follow-up

When a complaint is made or the grievance is reported, the Gewog office receiving the complaint or grievances should acknowledge its receipt and should brief the complainant, informer or aggrieved/affected person about the grievance resolution process, provide contact details and, if possible, the name of the contact person who is responsible for handling the grievance.

## (4) Verification, Investigation, and Action

The concerned Gewog Administration receiving the grievance should gather adequate information about the grievance reported to determine its validity and resolving the grievance. Grievances that are straightforward (such as queries and suggestions) can be resolved quickly by contacting the complainant. Grievances that cannot be resolved by grievance receiving authorities/office at their level should be referred to a higher level for verification and further investigation. The concerned authorities/offices dealing with investigation should ensure that the investigators are neutral and do not have any stake in the outcome of the investigation. The grievance redressal will be as follows:

(a) If Gewog Administration receives the grievance from the aggrieved/affected individuals or communities, The Gewog Dzingsel Tshogpa shall try to resolve grievances within 7 working days by negotiating and mediating between the affected parties if the grievance is of such nature that Gewog Dzingsel Tshogpa can resolve it. However, any grievances warranting sanctions for violation of statutes shall not be negotiated by the Tshogpa but rather inform the concerned authorities/offices empowered to impose such sanctions and such report should be copied to the Dzongkhag Administration. In the event, the parties are not satisfied with the decision from

such arrangements, the parties shall submit appeal to the Dzongkhag Administration directly with copies to the PMU and BTFEC.

- (b) Upon receipt of grievance appeal the Dzongkhag Dzingsel Tshokpa (Dzongkhag Dispute Resolution Committee) shall verify and investigate, if necessary, and render its decision within 15 working days. In the event, the parties are not satisfied with the decision of the Tshokpa, the parties shall submit appeal to BTFEC.
- (c) Upon receipt of grievance appeal from the Dzongkhag, the BTFEC shall activate the Complaint Management Committee of BTFEC who will pursue face to face resolution or provide a mediated resolution in the case of administrative cases or refer to the Board of BTFEC in the case of major cases. Where the Board is not able to resolve the case, it shall be forwarded to the Anti-Corruption Commission of Bhutan by the BTFEC. The BTFEC shall verify and investigate and render its resolution within 15 working days.
- (d) In the event, the parties are not satisfied with the decision of the Dzongkhag GRC, the parties can also alternatively submit their grievances to the Court of Law for further adjudication as per court procedures.

## (5) Monitoring and Evaluation for GRM

The grievances should be monitored to track and assess the extent to which progress is being made to resolve them. The grievance data can be analyzed and evaluated to make policy and/or process changes to minimize similar grievances in the future. Record of each grievance submitted and its resolution should be considered as part of the progress reporting of the project activities.

#### J Disclosure of ESMP

The stakeholders of the project and affected communities will be informed about the ESMP requirements and the need for internalizing the environmental and social requirements in the design and implementation of the project activities. The ESMP document will made available on the website of the GNHC, BTFEC and Dzongkhags of Dagana, Paro and Tsirang. Also, the hard copies will be made available at the PCU at GNHCS and the concerned Dzongkhag and Gewog Administrations.

During the implementation of the project, activity-specific mitigation plans including gender actions plans should be disclosed to all stakeholders, including affected communities and Civil Society Organizations (CSOs). Disclosure should occur in a manner that is meaningful and understandable to the affected people for their consent.

Documents to be disclosed	Frequency	Where
ESMP document	Throughout the project period.	Websites of GNHC, Dzongkhags of Dagana, Paro, Tsirang and hard copy at GNHC, Dzongkhags and Administrations
Quarterly Progress Report by the Dzongkhags	Quarterly	PMU and Dzongkhags
Minutes of Formal Public Consultation Meetings	Within two weeks of meeting	Websites of GNHC, Dzongkhags of Dagana, Paro, Tsirang and hard copy at GNHC,
Semi-annual progress report by the SGE	Semi Annual	Websites of GNHC, Dzongkhags of Dagana, Paro, Tsirang and hard copy at GNHC

Disclosure framework for ESMP related documents

## K: Terms of Reference for Safeguards and Gender Expert

POST TITLE:	Safeguards and Gender Expert
PLACE OF POSTING:	Project Management Unit

The job responsibilities will include but not limited to:

- Providing support in internalizing the environmental and social issues in the project's activity planning & design and to address the potential impacts as well as to promote good practices.
- Developing a set of planning and implementation tools and guidelines for training of the officials on environmental and social safeguard. These will be used for training and as reference materials for the field staff during implementation of project activities. The training could include providing basic knowledge and information on the key environmental and social issues associated with the project activities and in relation to the 15 ES principles of AF.
- Supporting the Dzongkhags in preparing their quarterly ESS and gender action plan implementation reports.
- Prepare semi-annual report on ESS and gender action plan implementation to the PMU and annual report to the Project Steering Committee
- Any other related tasks that are proactive in nature to minimize risks arising out of environmental social issues arising from the implementation of project activities.
- Update the project ESMP and GAP during first 6 month of project implementation

Qualifications and Experience:

- Master's degree in Environmental/Planning/Social Science
- The candidate should have at least 8 years of experience out of which two to three years of professional experience in preparation of Environmental Impact Assessments (EIA) and Environmental Management Plan (EMP) and well versed with national and local environmental regulations and compliance requirements including work experience in gender mainstreaming.
- Candidates having experience in projects assisted or funded by the AF shall be given preference
- Ability to interact with and motivate/guide stakeholder to carry out due diligence for environmental, social and gender activities.
- Candidates are expected to possess good written and verbal communication and analytical skills, with ability to work with interdisciplinary team.

## L: List of participants at the stakeholder consultations

Consultation on Environment and social safeguards and Gender for project "Adaptation to Climate-Induced Water Stresses through Integrated Landscape Management in Bhutan" at Dagana from 14-15th April, 2021

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SI.No	Name of Participant	Designation	Agency Email ID		Conder Number	Day 1	Day 2
23	Pasang	Drie	B.T.F.E.		77779821	Amer	-
24	Rema Wingmo	AA-	BIFEC		17966199	manph	
25	Ruchen Dama	AFO	BTFEC		17419048	Assig	
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Consultation on Environment and social safeguards and Gender for project "Adaptation to Climateinduced Water Stresses through Integrated Landscape Management in Bhutan" at Dagapela on 16th April, 2021

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1/	Hampap pelde	Lop,	Tasuding	nuldeledgarget	17150511	Helder
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11	Mangy waydit	Ergouer	bz. Adm.	nwanpask@dogen	17 13479737	April.

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21	Yeshi	Farmer	khabisa	-	17792544	the
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23	Man, kumar	Farmer	Dorona	-	77262295	MB
21	Him Kymas	farmer (car)	Royale		17378067	And
25	Goorgi Maya Rui	Unemployed.	Doiona	moyaraigangiggmail.com	474020 89	astit
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40	Dorji Gyerthen	Oriver BAV	BPV	Somdeng 89@ g. mett.com	17491956	Hando
41	Pona Decher	NIFET	Gozhi	× v	47470515	et. "
42	Ruchen Demo	AFO	BIFEC	-	17419048	Roy of
43	Jumi Dordi	corelatives	Gozhi	-	173836700	they
44	Somm Pinele	Driver	Drujega	-	1750184	CA-

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45	Jandon Wingdi	Driver	Geographing		17808866	-tst:
46	Purna bolr. Slighte		Uchisa		17831220	UR.
47	12469	beens	Sugara			

Environmental, Social and Gender Assessment for Proposed Project to Adaptation Fund on "Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan" in Paro Dzongkhags Tsherim Resort, Parc, (20 April 2021)

51.	Name	Agency	Email	Contact No	Signature
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11	that Dosj	Xlago Gewan	-	17859645	Im.
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Environmental, Social and Genuer Assessment for proposed project to a	Adaptation Fund on Adapta	tation to Chimate-Induced v	water Stresses inrough Integrated
Landscape Management in	Bhutan" at Tsirang from 9-1	-11th June, 2021	

SI.	Name	Designation	Agency/Gewog	Email Address	Contact Number		Signature	
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1	Poma Singiye Diriji	herging	TSHARE	Sugrie Olivitantrestand	17899377	1 miles	0	
2	Mas Bahadus gi	Gry	Telenyford	nbrai @terrang.go	17822573	Cr	Cr	_
3	Dinple Thepe	CFO	Tsirong Division		16901530	Ø.	8	
4	Kaima Wangmo	Plannizoff	r Dronyty	Carmanangmo Otsiran		the of	the	Hand
5	Jundin Therenay	Khopkha	Islang toe	9v.6t	17508179	JUS	all mark	coursy.
6	Tek Daludur Pari	Tehoykpa.	Tsiming Tead,	-	17404289	THI.	-	
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13		Acst. Planning	GNHE	Atshering@gnhe. sov.bt		ghen :	Sher	dhen
14	Nidyp bejor	comebit.	151852	ceo@bpvbhutan.co	1716/656	m	U	

	Name	Designation	Agency/Gewog	Email Address	Contact Number		Signature	
		-			Contact reamber	Day 1	Day 2	Day 3
15	Sonaw Uakamo	Farmer	Tsiranghe	-	17876203	R		
16	Tila Maya Subba	CSE	Tsiranghe	tilace subba @gmailco	17570576	Uff.		
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30	Pema	Dzorgda	Tsirang	pema@fsirang.gov.bt	17989818	ming	him	
31	Namqay Darji	Dzorgrab	Terrang	ndoj Otsirang gov. H	17699248	A	A	
32	Dores	ACPO	BIFEC	1	77606162	Å.	8	
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69	HIM DONI	COX.	TStrangto e		17442537		Aster	
70	Tenzin Dorje	SF. PR-II	Biray Division				begie	

# The following clearances and no objection letters have been obtained(documents available at BTFEC secretariat):

- M Environmental clearances and consent letters for the project activities at Thasa
- M1 Clearances for climate-resilient irrigation scheme at Lajab under activity 2.2.2
- M1.1. Environmental Clearance for Thasa irrigation channel, Lagyab Gewog, Dagana
- M1.2. Clearance from Bhutan Power Corporation for Thasa irrigation channel, Lagyab Gewog, Dagana
- M1.3. Cultural Clearance for Thasa irrigation channel, Lagyab Gewog, Dagana
- M1.5. Forestry Clearance from for Thasa irrigation channel, Lagyab Gewog, Dagana
- M1.6. Forestry Clearance from for Thasa irrigation channel, Lagyab Gewog, Dagana
- M2 Clearances for drinking water from Drakay Pangtsho source to Dopshari, Doteng and Shaba gewogs, Paro
- M2.1 Environment Clearance
- M2.2 Clearance from Paro airport
- M3 Clearances for drinking water from Balakha Source to Tsentog, Lamgong, Lungyni and Wangchang gewogs, Paro
- M3.1 Forest Clearance
- M4 Clearances for drinking water scheme of Phuentenchu, Semjong and Tsirangtoe
- M4.1 Environment Clearance
- M5 Clearances for establishment of climate- and disaster-resilient pressurized irrigation system for Ambithang, Drujeygang, Dagana
- M5.1 Forest Clearance
- M5.2 No objection letter from Thuenpa Puenzhi Community Forest Group
- M5.3 No objection letter from Tashi Dhargey Community Forest Group
- M5.4 Individual Consent letter from private land owners
- M6 Climate proofing of existing Budichu-Peteykha irrigation scheme
- M6.1 No Objection. Letter from Namleythang Farm road user groups
- M7.1 Individual consent from Pema Dorji
- M7 Climate proofing of existing Budichu-Peteykha irrigation scheme
- M7.2 Individual consent from Pema Choki
- M7.3 Individual consent from Tshering Wangmo