



ADAPTATION FUND

AFB/PPRC.33-34/2
19 July 2024

Adaptation Fund Board
Project and Programme Review Committee

**READINESS PACKAGE GRANT PROPOSAL TO SUPPORT
NATIONAL IMPLEMENTING ENTITY ACCREDITATION FOR
BHUTAN**

Background

1. At its twenty-second meeting, the Adaptation Fund Board Secretariat (the secretariat) had prepared document AFB/B.22/6 which outlined the possible elements and options for a phased programme to support readiness for direct access to climate finance for national and regional implementing entities and presented a framework and budget for a first phase of the programme. Following a discussion of the document, the Board decided to:

- a) *Approve Phase I of the Readiness Programme as detailed in document AFB/B.22/6, on the basis that it would follow performance-based funding principles;*
- b) *Take note of the options provided by the secretariat on a programme to support readiness for direct access to climate finance for national and regional implementing entities;*
- c) *Request the secretariat to submit to the Board intersessionally between the twenty-second and twenty-third meetings, execution arrangements, criteria/eligibility criteria to allocate the funds to the accredited implementing entities for specific activities, as well as a timeline of activities, with a view to start implementing the programme before the twenty-third Board meeting; and*
- d) *Approve an increase in the Administrative Budget of the Board, secretariat and trustee for FY2014 of US\$ 467,000 for the programme described in AFB/B.22/6, and authorize the trustee to transfer such amount to the secretariat and request the trustee to set aside the balance amount of US\$ 503,000 from the Adaptation Fund Trust Fund resources for subsequent commitment and transfer at the instruction of the Board.*

(Decision B.22/24)

2. At its twenty-third meeting, the Board had decided through decision B.23/26 to approve the execution arrangements and eligibility criteria to allocate the funds to the accredited implementing entities for specific activities, contained in document AFB/B.23/5, which included grants for technical assistance and South-South Cooperation (SSC).

3. Based on the Board Decision B.23/26, the first call for readiness project proposals was issued in May 2014 and eligible countries were given the opportunity to submit applications for a readiness grant.

4. At the tenth session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP 10), the Parties recognized the Readiness Programme of the Adaptation Fund and decided to:

Invite further support for the readiness programme of the Adaptation Fund Board for direct access to climate finance in accordance with decision 2/CMP.10, paragraph 5;

Decision 1/CMP.10

and also decided to:

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Request the Adaptation Fund Board to consider, under its readiness programme, the following options for enhancing the access modalities of the Adaptation Fund:

- a) Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more national or regional implementing entities to the Adaptation Fund;*
- b) Ensuring that accredited national implementing entities have increased and facilitated access to the Adaptation Fund, including for small-sized projects and programmes;*

Decision 2/CMP.10

5. Upon completion of Phase I of the Readiness Programme, the secretariat had prepared document AFB/B.25/5 which outlined the progress made in Phase I and proposed Phase II of the Readiness Programme, taking into account the results from Phase I of the programme and integrating decision 2/CMP10. Following a discussion of the document, the Board decided to:

Approve Phase II of the Readiness Programme, as outlined in document AFB/B.25/5, with a total funding of US\$ 965,000, including funding of US\$ 565,000 to be transferred to the secretariat's budget and funding of US\$ 400,000 to be set aside for small grants to National Implementing Entities from resources of the Adaptation Fund trust fund.

(Decision B.25/27)

6. At its twenty-seventh meeting, the Board decided to integrate the Readiness Programme into the Adaptation Fund (the Fund) work plan and budget and set aside funding for small grants to be directly transferred from the resources of the Adaptation Fund Trust Fund. At this meeting, the Board decided to:

- a) Take note of the progress report for phase II of the Readiness Programme;*
- b) Integrate the Readiness Programme into the Adaptation Fund work plan and budget; and*
- c) Approve the proposal for the Readiness Programme for the fiscal year 2017 (FY17), comprising its work programme for FY17 with the funding of US\$ 616,500 to be transferred to the secretariat budget and US\$ 590,000 for direct transfers from the resources of the Adaptation Fund Trust Fund for allocation as small grants.*

(Decision B.27/38)

7. At the twenty-eighth meeting of the Board, the Project and Programme Review Committee (PPRC) had recommended to the Board to establish a standing rule on the intersessional project review cycle for grants under the Readiness Programme to allow for continued review and approval of readiness grants intersessionally each year. Having considered the comments and recommendation of the Project and Programme Review Committee, the Board decided to:

- a) Request the secretariat to continue to review readiness grant proposals annually, during an intersessional period of less than 24 weeks between two consecutive Board meetings;*

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- b) *Notwithstanding the request in paragraph (a) above, recognize that any readiness grant proposal can be submitted to regular meetings of the Board;*
- c) *Request the PPRC to consider intersessionally the technical review of such readiness grant proposals as prepared by the secretariat and to make intersessional recommendations to the Board;*
- d) *Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure; and*
- e) *Request the secretariat to present, in the twentieth meeting of the PPRC, and annually following each intersessional review cycle, an analysis of the intersessional review cycle.*

(Decision B.28/30)

8. At the thirty-sixth meeting of the Board, the PPRC had discussed the review cycle for readiness grants and recommended to the Board for readiness proposals to be submitted for review and consideration by the Board during both intersessional periods between the regular meetings of the Board. Having considered the recommendations of the PPRC, the Board decided:

- a) *To request the secretariat to review readiness grant proposals during all intersessional periods between Board meetings while recognizing that such grants may also be reviewed at regular meetings of the Board;*
- b) *To request the PPRC to consider intersessionally the technical review of such readiness grant proposals as prepared by the secretariat and to make intersessional recommendations to the Board;*
- c) *To consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure;*
- d) *To also request the secretariat to send a notification to implementing entities and other stakeholders informing them about the new arrangement;*
- e) *To further request the secretariat to present, at the twenty-eighth meeting of the PPRC, and at subsequent PPRC meetings following each intersessional review cycle for readiness grants, an analysis of the intersessional review cycle.*

(Decision B.36/26)

9. At the thirty-sixth meeting of the Board, following completion of the pilot phase for the readiness package grant, the Project and Programme Review Committee (PPRC) had recommended to the Board to approve the readiness package grant as a standing grant to support accreditation to the Fund. The readiness package grant would replace South-South cooperation grants and continue to facilitate peer-peer support for accreditation through South-South cooperation using a more enhanced and comprehensive approach. Having considered the comments and recommendation of the PPRC, the Board decided:

- a) *To approve the Readiness Package Grant as a standing window and replacement to*

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South-South Cooperation Grants under the Readiness Programme to provide support for the accreditation of a National Implementing Entity (NIE) of the Fund;

- b) That the Readiness Package Grant shall be available for accreditation of NIEs only, up to a maximum of US\$ 150,000 per country;*
- c) That Implementing Entities submitting proposals for the Readiness Package Grant should do so using the application form in Annex I of document AFB/PPRC.27/29 and that such proposals should be reviewed using the review sheet in Annex II of document AFB/PPRC.27/29;*
- d) That the review cycle and approval of Readiness Package Grants shall follow the review and approval process as well as reporting requirements for readiness grants under the Fund;*
- e) That already approved South-South Cooperation grants should continue implementation and fulfil all reporting requirements until completion;*
- f) To request the secretariat to prepare an analysis for opening the Readiness Package Grant to non-NIE intermediaries that are accredited implementing entities of the Fund;*
- g) To also request the secretariat to notify all accredited implementing entities of this decision by the Board on the Readiness Package Grant and South-South Cooperation Grants.*

(Decision B.36/25)

10. During the intersessional period between the thirty-seventh and thirty-eighth meetings of the Board, the PPRC had considered proposals submitted under the readiness package grant and recommended to the Board to make readiness grants available per NIE following decision B.36/42 to allow up to two NIEs to be accredited per country. The PPRC also recommended to the Board to update the readiness package grant application form and review template to facilitate provision of more comprehensive information by entities to enable the secretariat to adequately conduct a technical review of the submitted readiness package grant proposals. Having considered the recommendations of the PPRC, the Board decided to:

- a) Request the secretariat to amend the language of decision B.36/25 to allow the Readiness Package Grant to be made available for accreditation of NIEs only, up to a maximum of US\$ 150,000 per NIE, to ensure that entities going through the accreditation process are adequately supported;*
- b) Request the secretariat to update the application form and technical review sheet for Readiness Package grant proposals, and present them for consideration by the Project and Programme Review Committee (PPRC) at its twenty-ninth meeting;*

[...]

(Decision B.37-38/14)

11. At its fortieth meeting, the Board, through decision B.42/44, approved the readiness workplan for FY25 as contained in the secretariat work schedule and work plan, document AFB/EFC.33/4. Following decision B.42/44 by the Board, the secretariat launched a call for readiness project proposals intersessionally between the forty-second and forty-third meetings of the Board and eligible countries were given the opportunity to submit applications for a readiness package grant to receive peer support for accreditation through an intermediary. The size of the readiness package grant would be up to a maximum of US\$ 150,000 per NIE as per decision B.37-38/14 by the Board.

12. At the Fortieth meeting of the Board, following the assessment for opening the Readiness Package Grants to non-NIE intermediaries that are accredited implementing entities of the Fund, the Project and Programme Review Committee (PPRC) had recommended to the Board to extend the role of intermediary to all accredited IEs of the Fund, which include the multilateral implementing entities (MIEs) and regional implementing entities (RIEs) that are accredited to the Fund. The eligibility criteria for an IE to access the RPG and deliver support for accreditation would remain unchanged and would apply uniformly to all IEs. Having considered the comments and recommendation of the PPRC, the Board decided to:

- a) *To extend the role of intermediary in the delivery of support for the accreditation of an NIE via the readiness package grant to all accredited implementing entities of the Fund;*
- b) *To require that all accredited implementing entities of the Fund that wish to deliver support for accreditation of a national implementing entity via the readiness package grant meet the following eligibility requirements:*
 - (i) Have an “active accreditation” status with the Adaptation Fund;*
 - (ii) Have experience advising or organizing relevant accreditation or capacity building support for institutions, organizations or other entities in developing countries at the national, subnational or local level to receive climate finance for adaptation projects and programmes;*
 - (iii) Have experience implementing an Adaptation Fund project or programme and have submitted at least one project performance report, thereby demonstrating its commitment to adhering to the Fund’s fiduciary standards and operational policies and guidelines.*
- c) *To request the Adaptation Fund Board secretariat to update the website and notify all accredited implementing entities of the above decision by the Board.*

(Decision B.40/60)

13. Peer support for accreditation provided by the intermediary could involve a combination of activities that include (i) support to the designated authority (DA) to nominate a suitable NIE candidate (ii) In-country support by the intermediary to an NIE candidate (iii) technical support through experts (iv) organization of local, national or regional consultations/workshops, and (v) continuous support during the accreditation application process to address and respond to feedback provided by the accreditation panel (AP) during assessment of the NIE candidate application for accreditation.

14. It is expected that the peer-peer support would effectively help build national capacity and sustainability and that readiness package grants will enhance South-South cooperation for

accreditation to the Fund, through a more comprehensive suite of tools to help institutions in countries seeking direct access to the Fund's resources, to prepare and submit their applications for accreditation.

15. In response to the call for readiness grant proposals launched by the secretariat intersessionally between the forty-second and forty-third meetings of the Board, the secretariat received three grant proposals for readiness package grants for three countries to receive peer support for accreditation from three intermediary NIEs.

16. The present document introduces the readiness package project proposal submitted by the Bhutan Trust Fund for Environmental Conservation (BTFEC) of Bhutan on behalf of the government of Bhutan. It includes a request for funding of US\$ 149,818.25 outlining the activities to be undertaken by BTFEC to support the accreditation process in Bhutan.

17. The secretariat carried out a technical review of the project proposal and completed a review sheet.

18. 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 them the opportunity to provide responses before the review sheet was sent to the PPRC.

19. The secretariat is submitting to the PPRC 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.



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ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY Readiness Package Grant

Readiness Package support recipient Country: **Bhutan**Accredited Implementing Entity (Intermediary) delivering support: **Bhutan Trust Fund for Environmental Conservation (BT FEC)**Nominated National Implementing Entity (NIE) Candidate: **Royal Society for Protection of Nature (RSPN)**Type of Intermediary (NIE/RIE/MIE): **NIE**Requested Financing from Adaptation Fund (US Dollars): **\$149,818.25**AF Project ID: **AFRDG00071**Reviewer and contact person: **Ishani Debnath**Co-reviewer(s): **Farayi Madziwa**IE Contact Person: **Kinley Tshering**

Technical Summary

The project to support NIE accreditation in Bhutan will be done through the five components below:

Component 1: Developing and updating policies and manuals (USD 98,181.25).

Component 2: Stakeholder consultation meeting to discuss and respond to AF comments (USD 38,900)

Component 3: Audit (USD 1,000).

Requested financing overview:

Total Project/Programme Cost: USD 138,081.25

Implementing Entity Fee: USD 11,737

Financing Requested: USD 149,818.25

The initial technical review raises some issues, such as clarifying on the type of capacity building support provided by the intermediary, clarification on the outcome of the exchange between the intermediary, DA and candidate NIE, the timeframe to respond to comments by the accreditation panel, ensuring that comments provided to date in the AF accreditation workflow have been incorporated into the components of the readiness package grant proposal, and corrective action regarding the costs of the proposed budget 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 revised proposal has sufficiently addressed the clarification requests (CRs) and corrective action requests (CARs) made in the initial technical review.
Date:	6 July 2024

Review Criteria	Questions	Comments 6 June 2024	Comments 6 July 2024
Country Eligibility	1. Is the country that does not yet have an accredited NIE a Party to the Kyoto Protocol?	Yes	-
Eligibility of IE (Intermediary)	1. Is the project submitted through an Implementing Entity with an "accredited" status with the Fund?	Yes	-
	2. Does the Implementing Entity have an approved project by the Adaptation Fund Board and has submitted at least one project performance report (PPR)?	Yes. BTFEC has currently one project under implementation and has submitted one PPR for the project.	-

	<p>3. Has the Implementing Entity demonstrated adequate experience providing capacity building support to NIE candidates and other national/sub-national entities for access to climate change adaptation finance?</p>	<p>Not Cleared.</p> <p>BTFEC has provided technical assistance to RSPN on accreditation processes with the GCF, which included sharing of experiences on documentation and responding to the comments of GCF. The outcome achieved was the Financial Management and Capacity assessment (FMCA) of RSPN being approved and RSPN became a delivery partner of the GCF.</p> <p>BTFEC has also provided support to financial institutions on accreditation process with the Green Climate Fund, including gap assessment and development of missing policies. However, the description of the outcome from the support “application review of the Three Financial Institution (Bank of Bhutan, Bhutan Development Bank and Bhutan National Bank) under process” is vague and needs further clarification, including detailed description of what missing policies were developed. Further, BTFEC has listed on-going projects with the AF which are not proper indicators of demonstrating adequate capacity building support as the projects are currently under implementation and the benefits and outcome are yet to</p>	<p>Cleared.</p> <p>The intermediary (BTFEC) conducted a Gap analysis report for the three GCF DAE Applicant (Bank of Bhutan, Bhutan Development Bank Limited and Bhutan National Bank). The report found that three applicants have a common gap of lack of in-house expertise in designing and managing climate change projects, limited capacity in managing environment and social safeguards and mainstreaming gender into projects and programs. The three applicants have not yet acquired accreditation with the GCF.</p>
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		<p>be achieved. In addition, it has listed TA grants from AF for their own ESS and Gender safeguards development, including attending AF Readiness workshops, which are not proper indicators of providing capacity building support to other entities.</p> <p>Finally, BTFEC organized a stakeholder consultation workshop on “Building the Capacity of National Stakeholders to Address Climate and Disaster Related Risks” for the Ministry of Finance, Ministry of Home Affairs, Financial Institutions, however the outcome of the support “Stakeholders sensitized on the urgency of climate action” is vague and needs further clarification.</p> <p>CR1: Under “Institution to navigate accreditation process, if already identified,” on page 1 of the application, please list Royal Society for Protection of Nature (RSPN) and not BTFEC as BTFEC is the intermediary providing support.</p> <p>Under Section B (i) and (ii) please list ONLY the experience that BTFEC has in providing capacity-building support to other entities. Please do not include the support BTFEC has itself received. Please</p>
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		<p>also provide further details on the development of the missing policies for the three financial institutions and explain whether the supported institutions successfully obtained accreditation with the GCF or not.</p>	
<p>Eligibility of nominated NIE candidate</p>	<p>1. Has the nominated NIE candidate taken the AF online course on accreditation and demonstrated adequate results during the self-assessment to meet accreditation criteria of the Fund?</p>	<p>Cleared.</p> <p>The nominated NIE candidate (RSPN) has participated in several capacity building activities and hired an independent consultant to conduct candidate NIE self-assessment in August 2023. Three staff members from the candidate NIE have completed the AF online course on accreditation. The assessment included criteria such as legal status, financial and management integrity, institutional capacity, procurement, project management and execution, monitoring, reporting and evaluation, transparency, self-investigation, anti-corruption, and compliance to Environment, Social and Gender Policies. The assessment report found that the candidate NIE is meeting the standards of the accreditation satisfactorily. Out of 47 agencies assessed, the candidate NIE was found to be the most qualified and appropriate agency in managing and implementing climate change project, as noted on pages 11-12.</p>	<p>-</p>

	<p>2. Is the suitability of the candidate NIE to meet the accreditation criteria justified considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures?</p>	<p>Cleared.</p> <p>RSPN has been approved as the Delivery Partner of the GCF and is currently implementing the GCF Readiness project amounting to US\$ 1 million. RSPN has demonstrated adequate capacity in financial and project management, and procurement, finance, social and environmental safeguards, fiduciary and anti-corruption measures of the GCF, as stated on pages 13-14. Based on its extensive experiences in managing climate fund and its implementation capabilities, the DA found RSPN to be the most suitable candidate to go through the AF accreditation process.</p> <p>The proposal states from pages 12-14 that the candidate NIE was registered as a Non-Governmental Organization with the Civil Society Organization Authority (CSOA) of the Royal Government of Bhutan in 2010 and as a CSOA, it has a statutory power to contract with any international organizations, corporate sponsorships, and individual donations to implement environmental conservation and livelihood projects. RSPN conducts audit annually in accordance with International Standards of Supreme</p>	<p>-</p>
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	<p>Audit Institutions (ISSAI). RSPN is governed by its "Procurement and Property Rules and Regulations 2022, aimed at ensuring transparency, fairness, and efficiency in the acquisition of goods, works, and services and covers all matters relating to procurement. RSPN has extensive experience in managing projects, including project identification, formulation, and appraisal, and overseeing the execution of projects. In addition to the GCF readiness project, it is also implementing IKI Climate project financed by the Government of Germany amounting to US\$ 4.6 million. RSPN also has a robust project M&E system headed by a qualified M&E specialist. In terms of anti-corruption, and transparency, RSPN is guided and governed by its 'Anti-Fraud, Bribery and Corruption Policy 2022, and 'Anti-Money Laundering and Countering Financing of Terrorism Policy 2022. It established a Complaint and Grievance Redressal Mechanism Policy 2021 and is in the process of developing Gender Policy aligned to AFs Gender Policy.</p>	
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Project Eligibility	1. Has the designated authority for the Adaptation Fund in the country seeking accreditation endorsed the project?	Cleared. The letter of endorsement has been signed by the AF Designated Authority (DA) of Bhutan on March 5, 2024.	-
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	<p>2. Has the intermediary undertaken an assessment or had dialogue on the NIE candidate gaps/challenges and ability of the candidate NIE to meet the requirements stipulated in the AF accreditation application form?</p>	<p>Not Cleared.</p> <p>The proposal states on page 10 that the Candidate NIE had initiated the kick off meeting with the DA, Ministry of Finance, Royal Government of Bhutan on 6th May 2022. Subsequently, RSPN had several rounds of meetings and discussions with the DA and the intermediary (BTSEC) on accreditation processes. RSPN has undergone rigorous Financial Management Capacity Assessment (FMCA) process and finally obtained the Delivery Partner status of the GCF. While gaps and challenges are noted from pages 17-20 under justification of project activities, however, the exchange between the candidate NIE and intermediary didn't highlight or provide any description of the gaps/challenges that the candidate NIE may face when navigating the accreditation process.</p> <p>CR2: Please clarify the outcomes of such interactions between the intermediary, the DA and candidate NIE related to the NIE candidate's gaps, challenges, and ability to meet the accreditation requirements.</p>	<p>Cleared.</p> <p>The candidate NIE (RSPN) and intermediary (BTSEC) held a meeting on 3rd February 2023 to discuss gaps and challenges of the NIE candidate in navigating accreditation processes. This was in addition to the meeting held between RSPN and the DA of Bhutan on 6 May 2022. The outcome of the interaction resulted in BTSEC observing that RSPN already had in place, a legal status established, procurement and property rules and regulation, financial rules and regulation, Anti-Money Laundering and Countering Financing Terrorism, Compliant and redress mechanism policy and Internal control system.</p> <p>However, the following gaps and challenges needed to be addressed for the candidate NIE to meet the accreditation requirements.</p> <ol style="list-style-type: none"> 1. Weak Environment and Social Safeguards 2. No Gender policy 3. Weak Risk Management (pre-project appraisal and operational)
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			<p>4. Weak alignment of internal control framework with AF standards and principles</p> <p>5. Capacity building on implementation on the above missing gap and standards.</p> <p>The intermediary also recommended the NIE candidate to gain deeper understanding of accreditation process for which the intermediary committed to support the NIE candidate through conduct of series of workshops and bilateral consultation meetings.</p>
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	<p>3. Have accreditation gaps/challenges been clearly identified and the approaches to address them clearly outlined?</p>	<p>Cleared.</p> <p>Three clear project components have been outlined and gaps identified include: Lack of Environmental and Social Safeguards (ESS) Policy; Lack of gender policy and gender mainstreaming manual; Lack of a comprehensive project cycle management guide; updating of M&E guide, updating anti-money laundering and grievance mechanism redressal as noted on pages 17-20.</p> <p>However, it is noted that RSPN has started the accreditation process and is currently active on the AF accreditation workflow. It is strongly encouraged that RSPN incorporate the comments in the AF accreditation workflow into the readiness package grant components that will address accreditation gaps and challenges, including, but not limited to the following:</p> <ul style="list-style-type: none"> i) External Audit relevant to the internal control framework of the organization and specifically addressing AML/CFT. ii) Policies or manuals related to project implementation planning and quality-at-entry 	<p>-</p>
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		<p>review and evidence of their application.</p> <p>iii) Policies and framework to deal with financial mismanagement and other forms of malpractices and evidence of their application.</p> <p>Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs and evidence of their application.</p>	
	<p>4. Are the proposed activities to address identified gaps/challenges for the NIE candidate to obtain accreditation with the Fund justified?</p>	<p>Cleared.</p> <p>As noted on pages 17-20, activities include developing of ESS and Gender policy manual, updating of M&E, anti-money laundering and grievance redressal mechanism, institutional visit and workshops to provide capacity building support on accreditation.</p>	<p>-</p>
<p>Resource Availability</p>	<p>1. Is the requested project funding within the cap for the Readiness Package grants set by the Board?</p>	<p>Not Cleared.</p> <p>CAR1: The amount requested is USD 149,818.16, which is within the cap. However, based on the budget table in annex 2 and on pages 15-17, the total cost is coming up to USD 149,818.25. Please revise the total cost as per the budget details on pages 15-17 and annex 2. Please also revise the IE Management Fee is the updated budget has any change on the management fee.</p>	<p>Cleared.</p> <p>The amount has been corrected to USD 149,818.25. No change has been made to the IE management fee.</p>

	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	<p>Cleared.</p> <p>The Implementing Entity Management Fee is at 8.5 per cent of the total project budget before the fee.</p>	-
	3. Is there budget set aside to continue support post submission of a complete application for accreditation to the AF secretariat?	<p>Cleared.</p> <p>Component 2 for a total amount of USD 11,325 aims to provide support at post submission phase of AF accreditation application through workshops for up to 5 days. However, this may not be adequate, and the intermediary should consider setting aside more time. See CR3.</p>	The amount has been revised to USD 38,900.

<p>Implementation Arrangements</p>	<p>1. Has adequate time been provided to respond to and address comments and feedback that may be made by the Accreditation Panel?</p>	<p>Not Cleared</p> <p>Through component 2, RSPN will hold a series of meetings and workshops with the key stakeholders, including with the DA, NIE and other relevant partners. However, only 5 days have been dedicated to this through 2 workshops, as noted on the detailed budget description on page 25. Based on the experience of the AF secretariat supporting implementing entities to navigate the accreditation process, this may not be adequate, and the intermediary should consider setting aside more time of at least a month or more.</p> <p>CR3: Please allocate more time to this component and if needed, revise the budget accordingly on page 25 and the annex 2.</p> <p>It is also encouraged that RSPN put the proposed new or improved policies in place within the early half of 12-month implementation period and use the remainder of time to demonstrate evidence of applying those policies, as would be expected by the AF accreditation panel.</p>	<p>Cleared.</p> <p>RSPN has considered the secretariat's comments and allocated some of the budget from component 1 to component 2 in order to conduct stakeholder consultation meeting to respond to AF comments, as well as indicated that RSPN will ensure to put in place the proposed new or improved policies within the early half of 12-month of this project implementation period so that these policies are available later for the AF accreditation panel. Based on the detailed budget on page 26, the amount of days allocated to respond to AF comments is 50.</p>
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	2. Is a detailed budget including budget notes included?	<p>Not Cleared.</p> <p>A detailed budget with narrative can be found on annex 2 on pages 23-26.</p> <p>CAR2: As per CR1, while the requested project funding is within the cap, the amount requested is USD 149,818.16. However, based on the budget table in annex 2 and on pages 15-17, the total cost is coming up to USD 149,818.25. Please revise the total cost as per the budget details on pages 15-17 and annex 2.</p>	<p>Cleared.</p> <p>The amount has been corrected to USD 149,818.25. No change has been made to the IE management fee.</p>



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

PROJECT/PROGRAMME CATEGORY Readiness Package Grant

Readiness Package support recipient Country: **Bhutan**
 Accredited Implementing Entity (Intermediary) delivering support: **Bhutan Trust Fund for Environmental Conservation (BT FEC)**
 Nominated National Implementing Entity (NIE) Candidate: **Royal Society for Protection of Nature (RSPN)**
 Type of accredited Implementing Entity (NIE/RIE/MIE): **NIE**
 Requested Financing from Adaptation Fund (US Dollars): **\$149,818.16**
 AF Project ID: **AFRDG00071**
 Reviewer and contact person: **Ishani Debnath** Co-reviewer(s): **Farayi Madziwa**
 IE Contact Person: **Kinley Tshering**

Technical Summary	<p>The project to support NIE accreditation in Bhutan will be done through the five components below:</p> <p><u>Component 1:</u> Developing and updating policies and manuals (USD 125,756.25).</p> <p><u>Component 2:</u> Stakeholder consultation meeting to discuss and respond to AF comments (USD 11,325)</p> <p><u>Component 3:</u> Audit (USD 1,000).</p> <p><u>Requested financing overview:</u> Total Project/Programme Cost: USD 138,081.25 Implementing Entity Fee: USD 11,737 Financing Requested: USD 149,818.25</p> <p>The initial technical review raises some issues, such as clarifying on the type of capacity building support provided by the intermediary, clarification on the outcome of the exchange between the intermediary, DA and candidate NIE, the timeframe to respond to comments by the accreditation panel, ensuring that comments provided to date in the AF accreditation workflow have been incorporated into the components of the readiness package grant proposal, and corrective action regarding the costs of the proposed budget as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p>
Date:	6 June 2024

Review Criteria	Questions	Comments	Response
Country Eligibility	2. Is the country that does not yet have an accredited NIE a Party to the Kyoto Protocol?	Yes	
Eligibility of IE (Intermediary)	4. Is the project submitted through an Implementing Entity with an "accredited status with the Fund?	Yes	
	5. Does the Implementing Entity have an approved project by the Adaptation Fund Board and has submitted at least one project performance report (PPR)?	Yes. BTFEC has currently one project under implementation and has submitted one PPR for the project.	

	<p>6. Has the Implementing Entity demonstrated adequate experience providing capacity building support to NIE candidates and other national/sub-national entities for access to climate change adaptation finance?</p>	<p>Not Cleared.</p> <p>BT FEC has provided technical assistance to RSPN on accreditation processes with the GCF, which included sharing of experiences on documentation and responding to the comments of GCF. The outcome achieved was the Financial Management and Capacity assessment (FMCA) of RSPN being approved and RSPN became a delivery partner of the GCF.</p> <p>BT FEC has also provided support to financial institutions on accreditation process with the Green Climate Fund, including gap assessment and development of missing policies. However, the description of the outcome from the support “application review of the Three Financial Institution (Bank of Bhutan, Bhutan Development Bank and Bhutan National Bank) under process” is vague and needs further clarification, including detailed description of what missing policies were developed. Further, BT FEC has listed on-going projects with the AF which are not proper indicators of demonstrating adequate capacity building support as the projects are currently under implementation and the benefits and outcome are yet to be achieved. In addition, it has listed TA grants from AF for their own ESS and Gender safeguards development, including attending AF Readiness</p>	<p>As per the Gap analysis report, 2024, conducted by the BT FEC, GCF DAE, the three DAE Applicant (Bank of Bhutan, Bhutan Development Bank Limited and Bhutan National Bank) fulfils most of the accreditation criteria, including provision of relevant policy documents. However, they have a common gap of lack of in-house expertise in designing and managing climate change projects. They also have limited capacity in managing environment and social safeguards and mainstreaming gender into projects and programs (Gap assessment of financial institutions attached) The banks have uploaded their documents as required by the GCF, but none of them have been accredited as of date.</p>
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<p>Eligibility of nominated NIE candidate</p>	<p>3. Has the nominated NIE candidate taken the AF online course on accreditation and demonstrated adequate results during the self-assessment to meet accreditation criteria of the Fund?</p>	<p>Cleared.</p> <p>The nominated NIE candidate (RSPN) has participated in several capacity building activities and hired an independent consultant to conduct candidate NIE self-assessment in August 2023. Three staff members from the candidate NIE have completed the AF online course on accreditation. The assessment included criteria such as legal status, financial and management integrity, institutional capacity, procurement, project management and execution, monitoring, reporting and evaluation, transparency, self-investigation, anti-corruption, and compliance to Environment, Social and Gender Policies. The assessment report found that the candidate NIE is meeting the standards of the accreditation satisfactorily. Out of 47 agencies assessed, the candidate NIE was found to be the most qualified and appropriate agency in managing and implementing climate change project, as noted on pages 11-12.</p>	
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	<p>4. Is the suitability of the candidate NIE to meet the accreditation criteria justified considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures?</p>	<p>Cleared.</p> <p>RSPN has been approved as the Delivery Partner of the GCF and is currently implementing the GCF Readiness project amounting to US\$ 1 million. RSPN has demonstrated adequate capacity in financial and project management, and procurement, finance, social and environmental safeguards, fiduciary and anti-corruption measures of the GCF, as stated on pages 13-14. Based on its extensive experiences in managing climate fund and its implementation capabilities, the DA found RSPN to be the most suitable candidate to go through the AF accreditation process.</p> <p>The proposal states from pages 12-14 that the candidate NIE was registered as a Non-Governmental Organization with the Civil Society Organization Authority (CSOA) of the Royal Government of Bhutan in 2010 and as a CSOA, it has a statutory power to contract with any international organizations, corporate sponsorships, and individual donations to implement environmental conservation and livelihood projects. RSPN conducts audit annually in accordance with International Standards of Supreme Audit Institutions (ISSAI). RSPN is governed by its "Procurement and Property Rules and Regulations 2022, aimed at ensuring transparency, fairness, and efficiency in the acquisition of goods, works, and</p>	
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		<p>services and covers all matters relating to procurement. RSPN has extensive experience in managing projects, including project identification, formulation, and appraisal, and overseeing the execution of projects. In addition to the GCF readiness project, it is also implementing IKI Climate project financed by the Government of Germany amounting to US\$ 4.6 million. RSPN also has a robust project M&E system headed by a qualified M&E specialist. In terms of anti-corruption, and transparency, RSPN is guided and governed by its 'Anti-Fraud, Bribery and Corruption Policy 2022, and 'Anti-Money Laundering and Countering Financing of Terrorism Policy 2022. It established a Complaint and Grievance Redressal Mechanism Policy 2021 and is in the process of developing Gender Policy aligned to AFs Gender Policy.</p>	
<p>Project Eligibility</p>	<p>5. Has the designated authority for the Adaptation Fund in the country seeking accreditation endorsed the project?</p>	<p>Cleared. The letter of endorsement has been signed by the AF Designated Authority (DA) of Bhutan on March 5, 2024.</p>	

	<p>6. Has the intermediary undertaken an assessment or had dialogue on the NIE candidate gaps/challenges and ability of the candidate NIE to meet the requirements stipulated in the AF accreditation application form?</p>	<p>Not Cleared.</p> <p>The proposal states on page 10 that the Candidate NIE had initiated the kick off meeting with the DA, Ministry of Finance, Royal Government of Bhutan on 6th May 2022. Subsequently, RSPN had several rounds of meetings and discussions with the DA and the intermediary (BTSEC) on accreditation processes. RSPN has undergone rigorous Financial Management Capacity Assessment (FMCA) process and finally obtained the Delivery Partner status of the GCF. While gaps and challenges are noted from pages 17-20 under justification of project activities, however, the exchange between the candidate NIE and intermediary didn't highlight or provide any description of the gaps/challenges that the candidate NIE may face when navigating the accreditation process.</p> <p>CR2: Please clarify the outcomes of such interactions between the intermediary, the DA and candidate NIE related to the NIE candidate's gaps, challenges, and ability to meet the accreditation requirements.</p>	<p>The candidate National Implementing Entity (RSPN) and National Implementing Entity (BTF) held a meeting on 3rd February 2023 to discuss gaps and challenges of the NIE candidate in navigating accreditation processes (Record of Discussion attached)</p> <p>The NIE observed that candidate RSPN has the following documents relevant to accreditation. (i) Establishment of legality (ii) Service rules and regulation (iii) Procurement and property rules and regulation (iv) Financial rules and regulation (v) Anti-Money Laundering and Countering Financing Terrorism (vi) Compliant and redress mechanism policy (vii) Internal control system.</p> <p>However, the NIE observed the following gaps and challenges in the candidate NIE that needs to be addressed.</p> <ul style="list-style-type: none"> 6. Weak Environment and Social Safeguards 7. No Gender policy
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			<p>8. Weak Risk Management (pre-project appraisal and operational)</p> <p>9. Weak alignment of internal control framework with AF standards and principles</p> <p>10. Capacity building on implementation on the above missing gap and standards.</p> <p>To address the above gaps and challenges, the NIE recommended NIE candidate to access readiness package grant.</p> <p>The NIE also recommended the NIE candidate to gain deeper understanding of accreditation process for which the NIE committed to support the NIE candidate through conduct of series of workshops and bilateral consultation meetings.</p> <p>The NIE shared the institutional visit to the successful accredited entities (For example BTFEC visit made to NABARD, NIE, India) was helpful in learning and addressing gaps and challenges, and how to process accreditation and how to develop pipeline project proposals.</p>
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			<p>As a way forward, the NIE and NIE candidate agreed to meet frequently. Following this meeting, the two agencies met twice: one on the 3rd Feb, 2024 to improve the readiness grant proposal and the other on 29th February to 1st March, 2024 (Letter attached as Annexure 4)</p>
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	<p>7. Have accreditation gaps/challenges been clearly identified and the approaches to address them clearly outlined?</p>	<p>Cleared.</p> <p>Three clear project components have been outlined and gaps identified include: Lack of Environmental and Social Safeguards (ESS) Policy; Lack of gender policy and gender mainstreaming manual; Lack of a comprehensive project cycle management guide; updating of M&E guide, updating anti-money laundering and grievance mechanism redressal as noted on pages 17-20.</p> <p>However, it is noted that RSPN has started the accreditation process and is currently active on the AF accreditation workflow. It is strongly encouraged that RSPN incorporate the comments in the AF accreditation workflow into the readiness package grant components that will address accreditation gaps and challenges, including, but not limited to the following:</p> <ul style="list-style-type: none"> iv) External Audit relevant to the internal control framework of the organization and specifically addressing AML/CFT. v) Policies or manuals related to project implementation planning and quality-at-entry review and evidence of their application. vi) Policies and framework to deal with financial mismanagement and other forms of malpractices and evidence of their application. 	
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		vii) Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs and evidence of their application.	
	8. Are the proposed activities to address identified gaps/challenges for the NIE candidate to obtain accreditation with the Fund justified?	Cleared. As noted on pages 17-20, activities include developing of ESS and Gender policy manual, updating of M&E, anti-money laundering and grievance redressal mechanism, institutional visit and workshops to provide capacity building support on accreditation.	
Resource Availability	4. Is the requested project funding within the cap for the Readiness Package grants set by the Board?	Not Cleared. CAR1: The amount requested is USD 149,818.16, which is within the cap. However, based on the budget table in annex 2 and on pages 15-17, the total cost is coming up to USD 149,818.25. Please revise the total cost as per the budget details on pages 15-17 and annex 2. Please also revise the IE Management Fee is the updated budget has any change on the management fee.	The amount is corrected to USD 149,818.25. There is no change in the IE Management Fee as the fee was calculated from the total program budget of US\$ 138,081.25 (as originally proposed)
	5. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	Cleared. The Implementing Entity Management Fee is at 8.5 per cent of the total project budget before the fee.	

	<p>6. Is there budget set aside to continue support post submission of a complete application for accreditation to the AF secretariat?</p>	<p>Cleared.</p> <p>Component 2 for a total amount of USD 11,325 aims to provide support at post submission phase of AF accreditation application through workshops for up to 5 days. However, this may not be adequate, and the intermediary should consider setting aside more time. See CR3.</p>	
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<p>Implementation Arrangements</p>	<p>3. Has adequate time been provided to respond to and address comments and feedback that may be made by the Accreditation Panel?</p>	<p>Not Cleared</p> <p>Through component 2, RSPN will hold a series of meetings and workshops with the key stakeholders, including with the DA, NIE and other relevant partners. However, only 5 days have been dedicated to this through 2 workshops, as noted on the detailed budget description on page 25. Based on the experience of the AF secretariat supporting implementing entities to navigate the accreditation process, this may not be adequate, and the intermediary should consider setting aside more time of at least a month or more.</p> <p>CR3: Please allocate more time to this component and if needed, revise the budget accordingly on page 25 and the annex 2.</p> <p>It is also encouraged that RSPN put the proposed new or improved policies in place within the early half of 12-month implementation period and use the remainder of time to demonstrate evidence of applying those policies, as would be expected by the AF accreditation panel.</p>	<p>Comments incorporated. The activity 1.6: Organization capacity and skills development on project cycle management under Component 1 is removed and its budget added to component 2 so that there is adequate budget to conduct stakeholder consultation meeting to respond to AF. In addition, NIE candidate commits to co-fund this activity, if additional fund is required.</p> <p>RSPN plans to propose the training on the project cycle management to other potential donors.</p> <p>RSPN will ensure to put in place the proposed new or improved policies within the early half of 12-month of this project implementation period so that these policies are available later for the AF accreditation panel.</p>
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	<p>4. Is a detailed budget including budget notes included?</p>	<p>Not Cleared.</p> <p>A detailed budget with narrative can be found on annex 2 on pages 23-26.</p> <p>CAR2: As per CR1, while the requested project funding is within the cap, the amount requested is USD 149,818.16. However, based on the budget table in annex 2 and on pages 15-17, the total cost is coming up to USD 149,818.25. Please revise the total cost as per the budget details on pages 15-17 and annex 2.</p>	<p>Comments incorporated and the total cost is corrected to USD 149,818.25.</p>
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APPLICATION FORM/PROPOSAL TEMPLATE FOR READINESS PACKAGE GRANTS



ADAPTATION FUND

Application for a Grant to support NIE accreditation through the readiness package

Submission Date: ~~5th March~~ 19th June, 2024

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Adaptation Fund Grant ID:

Country receiving support: **Bhutan**

Institution to navigate accreditation process, if already identified: ~~Bhutan Trust Fund for Environmental Conservation (BT FEC)~~, Bhutan Royal Society for Protection of Nature (RSPN)

Name of Implementing Entity delivering support: **BT FEC, Bhutan**

Type of Implementing Entity delivering support (NIE/RIE/MIE): **NIE**

A. Timeframe of Activity

Expected start date of support	April, 2024
Completion date of support	March, 2025

B. Experience participating in, organizing support to, or advising other NIE candidates

The Bhutan Trust Fund for Environmental Conservation (BT FEC) is the only environmental trust fund in the country managing funds and projects on nature conservation and environment. BT FEC ensures that there is a sustainable flow of funds in the country for environmental conservation and addressing climate change for perpetuity. BT FEC is the country's only NIE to the Adaptation Fund and DAE to the GCF. In the process of NIE accreditation, BT FEC has:

- Strengthened institutional capacity;
- Instituted Environment, Social and Gender Policies;
- Enhanced fiduciary standards;
- Improved governance and enhanced transparency;
- Developed human resource capacity.

As an NIE, BT FEC has:

- Accessed AF Readiness Grant aiming to enhance the capacity of BT FEC to assess and manage environmental, social and gender related issues and its compliance with the Adaptation fund's Environmental and Social and Gender Policy. The outcome of this grant was technical assistance in developing gender and social policy with capacity building in Environmental, Social and Gender Policy.

The specific areas of support under this grant includes:

1. Development of Dashboard for Social, Environment and Gender Safeguards;
2. Sourcing expertise for Grievances and Complaint Redressal;
3. Capacity building on Environmental, Social and Gender Policies.

As the NIE in the country, BT FEC implements the following projects of the AF.

1. Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agro-biodiversity and Livelihoods with grants amounting to USD 250,000 from July 2022 to June 2027.
2. Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan with grants amounting to USD 9.951 Million from July 2023 to June 2028.

In addition, BT FEC has submitted the project on Securing Water & Enhancing Climate Resilience in Thimphu District, Bhutan with a fund of USD 5 Million under the Enhanced Direct Access in January 2024.

BTFEC was also accredited to GCF in April 2020 as a Direct Access Entity (DAE) eligible to manage micro-sized projects of USD 10 million. As of date, BTFEC has availed following funds from the GCF:

1. USD 100,000 under readiness program for institutional capacity building for BTFEC in 2017;
2. USD 113,690 under the readiness program for capacity development of the DAE to develop high-quality concept notes and funding proposals that comply with GCF policies and standards.

In summary, as an NIE and DAE, BTFEC has gained the following experiences:

1. Managing legal arrangements with AF and GCF;
2. Managing human and financial resources;
3. Recruiting local and international consultants;
4. Developing quality project performance reports;
5. Engaging and carrying out internal and external audits;
6. Monitoring, reporting and evaluation of the projects;

The following table summarizes the various initiatives and its staff's participation in the accreditation activities.

- (i) Describe the support provided for accreditation through readiness grants from the Adaptation Fund to developing countries and/or entities seeking to use the Fund's Direct Access modality (please list only up to five of the most recent and add any others as an annex to this template).

Year support started	Year support ended	Climate Fund (source of grant)	Type of support provided	Outcome of the support	Country/institution supported
2016	2018	UNCDF & UNEP	Accreditation with AF	Accredited as NIE on 25th January 2018.	BTFEC and Ministry of Finance
2019	2019	Adaptation Fund (Technical Assistance for Environmental and Social	BTFEC provided capacity development training on assessing and managing environmental,	Availed training on assessing and managing environmental, social and gender related issues and its compliance with the Adaptation fund's	BTFEC and Key stakeholders including RSPN, other CSOs and local

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		and Gender Policy)	social and gender related issues and its compliance with the Adaptation fund's environmental and Social Policy and Gender Policy. Readiness Grant TA	environmental and Social Policy and Gender Policy. Stakeholders sensitized on As a result of this training, developed Environment and Social Safeguards and its compliance with AF ESS procedures/manuals/guidelines for screening projects for environmental and social risks as well as gender-related risks.	governments stakeholders
2019	2019	Adaptation Fund (Technical Assistance for Environmental and Social and Gender Policy)	BTfEFC trained stakeholders on ESS Dashboard, ESS risks identification and management	Stakeholders improve quality of project proposal by identifying risks and prepare mitigation plans	Key stakeholders including RSPN, other CSOs and local governments
2019	2019	Adaptation Fund (Technical Assistance for Environmental and Social and Gender Policy) Adaptation Fund	Readiness Grant TABTFEC has developed Complaint and Grievances Redressal Mechanism and trained stakeholders for efficient and effective complaint	Enhanced capacity of the project team at BTfEFC on ESS and Gender Equity Five officials from stakeholders received 5-day training on ESS and Gender in Vientiane, Laos All BTfEFC stakeholders/grantees apply BTfEFC and AF's ESS and	BTfEFC and Grantees Key stakeholders including local governments

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			management and redressal	<p>Gender Equity policy.</p> <p>ESS Dashboard developed to enhance efficiency in ESS risks management and project implementers including proponents has been trained to use the dashboard so that they can improve quality of project proposal by identifying risks and prepare mitigation plans</p> <p>BTPEC has developed Complaint and Grievances Redressal Mechanism and trained stakeholders for efficient and effective complaint management and redressal</p>	
2022	2022	Adaptation Fund (Technical Assistance for Environmental and Social Policy)/BTFC	As a result of BTPEC's capacity built through TA-ESGP, BTPEC provided capacity building support to financial institutions on accreditation process.	Accreditation application Review of the Three Financial Institution (Bank of Bhutan, Bhutan Development Bank and Bhutan National Bank) under process with GCF	Financial Institutions (Bank of Bhutan, Bhutan Development Bank and Bhutan National Bank)

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			<p><u>including gap assessment and development of missing policies. After this training, policies and document relevant to accreditation were developed.</u></p>		
<p><u>2022</u></p>	<p><u>2022</u></p>	<p><u>Adaptation Fund (Technical Assistance for Environmental and Social and Gender Policy) /BT FEC</u></p>	<p><u>As a result of BT FEC's capacity built through TA-ESGP, BT FEC provided capacity building to NIE candidate, RSPN on accreditation processes with Adaptation Fund. The training also included sharing experiences on documentation and responding to the comments of AF.</u></p>	<p><u>RSPN is acquainted with AF accreditation processes, criteria and other requirements. RSPN's accreditation process with AF is underway</u></p>	<p><u>RSPN, Bhutan</u></p>
<p><u>2021</u></p>	<p><u>-</u></p>	<p><u>BT FEC</u></p>	<p><u>BT FEC</u></p>	<p><u>Training of stakeholders on</u></p>	<p><u>Stakeholders including</u></p>

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				Environment, Social and Gender Policy	Government agencies
2022	2027	Adaptation Fund	Small Grant Innovation Fund	Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agro-biodiversity and Livelihoods.	Department of Environment and Climate Change and Bhutan Food and Drugs Authority
2023	2028	Adaptation Fund	Regular Project Adaptation Fund	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan.	Department of Water, Ministry of Energy and Natural Resources
2024	2028	Adaptation Fund	Enhanced Direct Access (EDA)	Securing Water & Enhancing Climate Resilience in Thimphu District, Bhutan (Concept Note submitted)	Bhutan Ecological Society

(ii) Describe any other type of support provided outside the grants from the Adaptation Fund to other national, sub-national and/or local entities relevant to the AF accreditation process.

Year support started	Year support ended	Climate Fund (source of grant)	Type of support provided	Outcome of the support	Country/institution supported
Jan-2016	Jan-2016	BT FEC/National Bank for	Led by BT FEC, a led the team	Lessons learned on	Ministry of Finance, Ministry

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		Agriculture and Rural Development (NABARD)	comprising of DA and other relevant stakeholders visited NABARD in Jan 2016 to learn lessons on accreditation processes of AF and sharing of experiences	accreditation process and sharing experiences on the implementation of AF funded projects	of Home Affairs, Gross National Happiness Commission
March 2017	March 2017	UNEP/BTFEC/UNEP	As a result of BTFEC's participation in the Climate Finance Access and Accreditation workshop organized by UNEP, BTFEC shared experiences on climate finance and Direct Access Modalities.	Participants were created awareness on climate finance and Direct Access Modalities BTFEC shared experiences in Accreditation with Adaptation Fund	Ministry of Finance, Gross National Happiness Commission, CSOs including RSPN and BTFEC
May 2017	May 2017	Climate Finance Readiness Workshop-LDCs-UNESCAP	BTFEC participated in sharing experiences of AF accreditation process	Awareness on the accreditation process, issues and challenges	BTFEC
June 2021	June 2021	DA/NIE (BTFEC)	BTFEC sensitized Financial Institutions, CSOs and NGOs and	Stakeholders sensitized on the accreditation process and climate	CSOs, NGOs and Private Sector

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			CBOs on accreditation process and the role of BTFEC as the NIE in terms of addressing climate issues in the country	finance and role of NIE	
Jan 2022	Jan 2022	DA and NIE	NDA and NIE (BTFEC) provided capacity building support to financial institutions (GCF DAE Candidates) on accreditation process, including gap assessment and development of missing policies	Accreditation application Review of the Three Financial Institution (Bank of Bhutan, Bhutan Development Bank and Bhutan National Bank) under process	Financial Institutions
September 2022	September 2022	Adaptation Fund	Attended Seminar on Adaptation Fund (AF)'s 9th Annual National Implementing Entity (NIE)	Discussed the Fund's expanded funding windows offering additional finance in project scale-up, innovation, learning and Enhanced Direct Access, the updated gender guidance	BTFEC

				document, proposal development, reaccreditation, the next Medium-Term Strategy (MTS) and the community of practice for direct access entities.	
April 2023	April 2023	Adaptation Fund BTFEC	BTFEC conducted training workshop on the project performance reporting (PPR)	Familiarization of the project field implementers and relevant stakeholders on the standards and reporting requirements of the projects	BTFEC Grantees including Ministry of Energy and Natural Resources, and Ministry of Finance, Ministry of Infrastructure and Transport, CSOs and local governments
May 2023	May 2023	Adaptation Fund	BTFEC officials attended the Country Exchange for National Implementing Entities in Semarang and Pekalongan, Indonesia	Learned monitoring systems of various NIEs. The meeting also provided an opportunity to the NIEs to raise issues relating to Adaptation Fund proposal preparation and capacity gaps in the NIEs and DAs.	BTFEC

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May 2023	May 2023	BTFEC	BTFEC provided technical assistance on accreditation processes with Adaptation Fund and Green Climate Fund. Technical assistance also included sharing of experiences on documentation and responding to the comments of GCF.	Financial Management and Capacity assessment (FMCA) of RSPN approved and RSPN granted DP status.	RSPN, Bhutan
May 2023	May 2023	Adaptation Fund	BTFEC participated in a workshop on climate finance readiness and workshop on Enhanced Direct Access	Share and exchange lessons, knowledge, and experiences in the programming of EDA funding, in order to boost confidence as well as encourage the programming of climate finance through EDA.	BTFEC
July 2023	July 2023	NDA/NIE (BTFEC)	BTFEC organized a stakeholder consultation workshop on "Building the Capacity of	Stakeholders sensitized on the urgency of climate action.	Ministry of Finance, Ministry of Home Affairs, Financial Institutions, <u>CSOs</u>

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			National Stakeholders to Address Climate and Disaster Related Risks”		<u>and local governments</u>
October 2023	October 2023	NIE (BTfEC)	BTfEC as NIE participated in Adaptation Fund’s Innovation Days at the Adaptation Futures Conference 2023 in Montreal, Canada.	Awareness on how innovation accelerates climate adaptation for vulnerable communities.	BTfEC

C. Proposed activities to support NIE accreditation

(i) Describe the initial exchange that took place with the candidate entity and with the DA e.g., state with who (director, committee, DA etc.). Also state when the discussion took place and state what conclusions were arrived at. e.g., briefly state what issues the identified candidate NIE(s) is likely to face considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures.

The Candidate NIE (RSPN) had initiated the kickoff meeting with the DA, Ministry of Finance, Royal Government of Bhutan on 6th May 2022. Subsequently, RSPN had several rounds of meetings and discussions with the DA and the NIE on accreditation processes.

In view of accessing climate finance in addressing imminent climate change adaptation issues in the country and given the RSPN’s extensive experiences in managing climate fund and its implementation capabilities, the DA provided concurrence to the RSPN’s proposal of processing accreditation with the AF. Subsequently, the DA issued a letter of concurrence to the RSPN providing a formal endorsement to proceed the accreditation with the AF (Annexure 1). The RSPN’s has undergone rigorous Financial Management Capacity Assessment (FMCA) process and finally obtained the Delivery Partner status of the GCF. It is currently managing the GCF Readiness Project amounting to USD 1 million.

The above meeting between the candidate NIE and DA also deliberated on the identified NIE, BTfEC on its institutional capacity in managing the AF readiness package grant,

implementation of climate change and biodiversity projects and existence of sound and robust governance systems, including monitoring and evaluation, internal audits, social and environmental safeguards, self-investigative powers and anti-corruption measures. The meeting noted and acknowledged that BTFEC's was established in 1991 under the Royal Charter as the first collaborative innovative environmental trust fund in the region to finance conservation program over the long term period with the goodwill and financial support from the multilateral agencies (Global Environment Facility (GEF) and WWF) and bilateral countries, including Denmark, Finland, Netherlands, Norway and Switzerland. Since then, the BTFEC grew and expanded both in terms of endowment fund portfolio and operations with other international agencies in addressing nature conservation and climate change issues in the country. Currently, BTFEC is the 28th NIE of Adaptation Fund and it is implementing AF project amounting to USD 9.95 million. It also became a Direct Access Entity (DAE) of GCF on 6th January, 2021 and it is implementing a GCF readiness project. As BTFEC has proven its institutional competency and existence of accreditation standards such as financial management and integrity, transparency, self-investigation power and anti-corruption measures to both AF and GCF, the meeting held between the candidate NIE and DA concluded that there is no foreseeable issues and challenges that the BTFEC will face in managing the readiness package grant.

The candidate National Implementing Entity (RSPN) and National Implementing Entity (BTF) held a meeting on 3rd February 2023 to discuss gaps and challenges of the NIE candidate in navigating accreditation processes (Record of Discussion attached)

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The NIE observed that candidate RSPN has the following documents relevant to accreditation. (i) Establishment of legality (ii) Service rules and regulation (iii) Procurement and property rules and regulation (iv) Financial rules and regulation (v) Anti-Money Laundering and Countering Financing Terrorism (vi) Compliant and redress mechanism policy (vii) Internal control system.

However, the NIE observed the following gaps and challenges in the candidate NIE that needs to be addressed.

11. Weak Environment Social Safeguards
12. No Gender policy
13. Weak Risk Management (pre-project appraisal and operational)
14. Weak alignment of internal control framework with AF standards and principles
15. Capacity building on implementation on the above missing gap and standards.

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To address the above gaps and challenges, the NIE recommended NIE candidate to access readiness package grant.

The NIE also recommended the NIE candidate to gain deeper understanding of accreditation process for which the NIE committed to support the NIE candidate through conduct of series of workshops and bilateral consultation meetings.

The NIE shared the institutional visit to the successful accredited entities (For example BTFEC visit made to NABARD, NIE, India) was helpful in learning and addressing gaps and challenges, and how to process accreditation and how to develop pipeline project proposals.

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As a way forward, the NIE and NIE candidate agreed to meet frequently. Following this meeting, the two agencies met twice: one on the 3rd Feb, 2024 to improve the readiness grant proposal (annexure 2 & 3) and the other on 29th February to 1st March, 2024 (Letter attached as Annexure 4)

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(ii) Describe results of the self-assessment done by the candidate NIE or assessment done by intermediary on suitability of the candidate/nominated NIE to meet the accreditation criteria. (The AF accreditation course can be found [here](#)).

RSPN has hired an Independent Consultant to conduct candidate NIE self-assessment in August 2023. The assessment included criteria such as legal status, financial and management integrity, institutional capacity, procurement, project management and execution, monitoring, reporting and evaluation, transparency, self-investigation, anti-corruption and compliance to Environment, Social and Gender Policies. The assessment report found that the candidate NIE is meeting the standards of the accreditation satisfactorily. RSPN also recruited another Independent Consultant to assess the capacity of potential agencies in managing and executing climate finance. Out of 47 agencies assessed, the candidate NIE was found to be the most qualified and appropriate agency in managing and implementing climate change project.

(iii) Briefly justify why the nominated NIE candidate is best suited to meet the accreditation criteria.

The DA and the NIE recommended the candidate NIE to be the best potential candidate in meeting the accreditation criteria for the following reasons:

Legal status: The Royal Society for Protection of Nature (RSPN) was established in 1987 under the Royal Command of His Majesty The Fourth King of Bhutan as a citizen based Non-Governmental Organization (NGO) aimed to conserve the Kingdom's natural heritage. It is the oldest and largest non-governmental organization in the country. Her Majesty The Queen of Bhutan is the Royal Patron of the RSPN demonstrating the country's strong will and commitment towards nature conservation right from the highest level. It is governed by the Board of Directors, which is supported by the secretariat.

It was registered under the company's Act as a non-profit Non-Governmental Organization in 1989. It was then registered as a Non-Governmental Organization with the Civil Society Organization Authority of the Royal Government of Bhutan in 2010 with the registration number CSOA/PBO – 06.

As a CSOA, it has a statutory power to contract with any international organizations, including Adaptation Fund (AF), corporate sponsorships and individual donations to implement environmental conservation and livelihood projects.

Financial and Management Integrity: RSPN follows GAAP/IFRS cash basis accounting system, harmonized with RGoB Financial Management Manual (2016), and drawn from the Public Finance (amendment) Act of Bhutan 2012. The RGoB Financial Management Manual largely covers budgeting, accounting, taxation, procurement, and reporting. These rules and regulations are widely accepted and recognized by international development partners such as the World Bank (WB) and Asian Development Bank (ADB). The RSPN's Revised Financial Rules and Regulations, 2022 also ensures that the financial transactions, recording and disbursement are in conformity with Bhutanese Accounting Standards (BAS) for small and medium enterprise, which is aligned with the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP). RSPN conducts audit annually by the Royal Audit Authority (RAA), the Supreme Audit Institution (SAI) of Bhutan, which conducts the audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) as the member of the SAI of both International Organizations of Supreme Audit Institutions (INTOSAI) and Asian Organization of Supreme Audit Institution (AOSAI).

Institutional capacity:

Procurement: RSPN is governed by its "Procurement and Property Rules and Regulations 2022. It is aimed at ensuring transparency, fairness, and efficiency in the acquisition of goods, works, and services and covers all matters relating to procurement. For any clause/item, which is not covered under this policy, the RSPN follows a procurement policy and procedure of the Royal Government of Bhutan 2019 and standards of the Bhutan CSO Accountability Standard. There is a separate dedicated Administration and Finance Division operated with qualified professional finance and accounts officers providing finance and procurement related services.

Project management and execution: RSPN has capacity and extensive experience in managing the projects including project identification, formulation, and appraisal and overseeing the execution of projects. Currently, it has formulated and got approved a GCF readiness project amounting to US\$ 1 million and is implementing IKI Climate project financed by the Government of Germany amounting to US\$ 4.6 million. To ensure that the projects deliver their deliverables on time with impacts, there is a separate dedicated Department: Department of Program Coordination and Climate Change (DPCCC). It is supported by the four divisions namely, the program development division, species conservation division, sustainable livelihood division and climate change division with a total of 17 staff. The Administration and Finance Division, especially the finance unit facilitates and provides logistics and other related support to the Department for its smooth and effective operations.

Monitoring and Evaluation: RSPN also has a robust project monitoring and evaluation system and a dedicated M&E unit, headed by a qualified M&E specialist. While periodic monitoring and mid terminal evaluation of the projects are commissioned by the RSPN team, all terminal evaluations are conducted by independent external agencies to ensure that evaluation findings are objective, unbiased and without prejudice. The evaluations at the RSPN typically appraises the performance and learnings from a project and provide mid-course correction, direction for further improvement in implementation, planning and decision-making.

Transparency, self-investigation and Anti-corruption: In terms of anti-corruption, and transparency, the RSPN is guided and governed by its 'Anti-Fraud, Bribery and Corruption Policy 2022, and 'Anti-Money Laundering and Countering Financing of Terrorism Policy 2022. As part of enforcing these policies, there is a mechanism in the RSPN website to monitor and address complaints about environment and social harms caused by its projects. The RSPN has also Complaint and Grievance Redressal Mechanism Policy 2021.

Adaptation Fund's Gender Policy: While there are references to gender made in the program, operation and management, guideline of the RSPN, RSPN does not have a dedicated gender policy. However, given the gender mainstreaming pursued in the day-to-day operation and projects of the RSPN, there is no issue for the RSPN to comply with the Adaptation Fund Gender Policy. RSPN is in the process of developing Gender Policy aligned to Adaptation Fund's Gender Policy.

Delivery Partner (DP) of GCF. RSPN has been approved as the DP of the GCF. It is currently implementing the GCF Readiness project amounting to US\$ 1 million. While preparing for DP endorsement, RSPN had to prepare a Financial Management Capacity Assessment (FMCA) of the GCF, which assess the RSPN's capacities in terms of financial and project management and whether the RSPN meet GCF standards in terms of procurement, finance, social and environmental safeguards, fiduciary and anti-corruption measures. RSPN was found meeting all the required standards of the GCF

(iv) Provide a list in chronological order of occurrence, of the main components/steps that would be implemented to address the NIE candidate gaps/challenges, the activities to be undertaken, and the requested budget to support accreditation of the NIE candidate. An example is provided within the table in italics

Component	Proposed support activities to address Gap/Challenge	Expected Output of the Activities	Country/Institution to be supported	Tentative completion date	Requested budget for component (USD)
Component 1: Developing and updating policies and manuals	Activity 1.1: Technical assistance (TA) in development of environmental and social safeguards and other relevant accreditation documents	-E&S safeguard policy developed	RSPN, Bhutan	31-Jul-24	13,575.00
	Activity 1.2: Technical assistance in developing Gender Policy	-Gender Policy developed	RSPN, Bhutan	30-Jun-24	13,575.00
	Activity 1.3: Technical assistance in developing operational manual for project appraisal and formulation	-Operational manual for project cycle management, including pre-project appraisal and climate risk assessment developed.	RSPN, Bhutan	31-Jul-24	10,575.00

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	Activity 1.4: Update Financial Rules and Regulation, Procurement Rules and Regulation, Service Rules and Regulation, Anti-money laundering Policy, Countering Financing Terrorism, Grievance Redressal Mechanism	-Updated documents (Financial Rules and Regulation, Procurement Rules and Regulation, Service Rules and Regulation, Anti-money laundering Policy, CFT, Grievance Redressal Mechanism)	RSPN, Bhutan	31-Aug-24	20,362.50
	Activity 1.5: Consultation and Validation workshop on ESS, Gender Policy and updated manuals and policies		RSPN, Bhutan	30-Sep-24	7,693.75
	Activity 1.6: Institutional visit to one of the NIEs to learn lessons, challenges on accreditation and project proposal development under AF Activity 1.6: Organization capacity and skills development on project cycle management	-Strengthen capacity of the candidate NIE	RSPN, Bhutan RSPN, Bhutan	31-Jul-24 24 31-May-24	32,400.00 27,575.00
Component 2: Stakeholder consultation meeting to discuss and respond to AF comments	Stakeholder consultation (primarily DA and NIE)workshop meeting to respond to AF comments	-Timely submission of responses to the Adaptation Fund	RSPN, Bhutan	31-Dec-24	11,325.00 38,900

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		Secretariat and Review Panel			
Component 3: Audit	Conduct annual audit at the end of the project	Audit Report prepared and submitted	RSPN, Bhutan	30-Jun-25	1000
Total Project/Programme Cost					138,081.25
Project/Programme Cycle Management Fee charged by the Implementing Entity (Maximum of 8.5%)					11,737.00
Total Grant Requested (USD)*					149,818.2516

***Please refer annexure 52 for detailed budget (with budget notes including a note of how the management fee will be used) attached as an annex to the application**

D. Justification of project activities

Provide a description of each identified NIE candidate gap/challenge and explain the status core, current processes and procedures within the NIE candidate regarding the identified gap/challenge and explain how the activities to be undertaken would address the identified gaps/challenges to advance accreditation of the NIE candidate. For new policies, procedures and institutional structures that need to be newly established, also provide a timeframe for demonstrating their effective operation and submission of evidence to the Accreditation Panel (AP), including responding to feedback from the AP. (for missing policies, manuals and institutional structures, please list and explain each one individually)

Gaps/Challenges	Activities to be undertaken	Means of Verification
While the NIE candidate has environmental and social safeguards embedded into its Service Rules and Regulation (SRR) 2022, it does not have a separate ESS policy. In the absence of ESS policy, the NIE candidate currently adheres to	To address ESS gap, the NIE candidate proposes to develop an ESS policy and make it compatible with the ESS policy of AF and other best international practices by	ESS Policy developed, NIE candidate, and other relevant agencies

<p>the ESS provisions referred in the SRR and follows the ESS policies and requirements of each donor supporting the project.</p>	<p>implementing the following activities</p> <ul style="list-style-type: none"> - Develop an ESS policy compatible with AF ESS policy and complete it and make it operational by July, 2024 - Since the developed ESS policy is new to the NIE candidate, develop the capacities of the NIE candidate and other relevant agencies, including the DA and NIE on new ESS policy - The new ESS policy will also discuss the rights of the Indigenous people (IP) and their inclusion into the decision making processes of the project. 	<p>capacities built on ESS policy and application.</p>
<p>While gender mainstreaming into the NIE candidate strategic plan and day-to-day operations is carried out, the NIE candidate lacks Gender Policy and indicators to provide strategic direction in terms of gender and its mainstreaming into the programs and projects. In the absence of gender policy, the NIE candidate currently adheres to national gender policy and the gender mainstreaming guidelines and requirements of each donor financing the project.</p>	<p>On an urgent basis, the NIE candidate proposes to develop a Gender policy and gender mainstreaming guideline by implementing the following activities:</p> <ul style="list-style-type: none"> - Designing gender indicators referring to the international and national indicators and monitoring and evaluation framework for these indicators - Develop Gender Policy and gender mainstreaming guideline - Capacity building on the newly developed gender policy and how to mainstream gender issues into the NIE candidate projects 	<p>Gender policy and gender mainstreaming guideline developed</p> <p>Capacity building workshop conducted on Gender policy and mainstreaming.</p>
<p>The Program Operation and Management Guideline 2020</p>	<p>The NIE candidate proposes to develop a</p>	<p>Project operational</p>

<p>contains provisions on project operations relating to project identification, risk assessment and monitoring and evaluation. However, it is not comprehensive and overlooks other important features of project cycle management and internal auditing. In the absence of this manual, the candidate NIE currently follows the provisions of the Program Operation and Management Guideline 2020 and M&E manual, which partly addresses the issues.</p>	<p>project operational and management Manual covering the entire project cycle, including project identification, project appraisal quality at entry, social and environmental risks identification and mitigation measures, project monitoring and and evaluation and how to mainstream cross cutting themes, including gender into projects. The NIE candidate will establish an internal auditing system. We plan to complete this activity and make it operational by July, 2024</p>	<p>manual</p>
<p>The NIE candidate is governed by its FRR, SRR, Anti-money laundering, CFT, Grievance Redressal Mechanisms. Since these documents were prepared a few years ago, it warrants updating them and aligning them with international best practices and standards, including its compliance with that of Adaptation Fund.</p>	<p>The NIE candidate intends to review all the existing accreditation relevant documents of the RSPN to meet the accreditation standards of AF and make it relevant to the current context. We plan to complete this activity August 2024</p>	<p>Standard documents meeting AF accreditation standards.</p>

<p>The NIE candidate has a strong management will, coupled with unstinted government support based on its proven past performance records in the field of nature conservation and climate change. However, it is venturing into accreditation for the first time and lacks accreditation experience and constant engagement with AF on accreditation and developing climate adaptation proposals in tandem.</p>	<p>With an objective to learn accreditation experience and lessons such as documentation for accreditation with evidence, responding to the AF comments on time and satisfactorily and prepare project proposal in tandem with accreditation, the NIE candidate proposes to make an institutional visit to one of the NIEs including BTFCE that has a proven track-record and experience on accreditation, project proposal development and engagement with AF and other similar climate finance institutions.</p>	<p>Institutional visit conducted</p>
<p>RSPN has submitted its accreditation application and it is currently under review by the AF Secretariat. We foresee a series of comments from the Secretariat and the Accreditation Panel requiring wider stakeholder consultations, including with the DA and NIE</p>	<p>To address the comments of the Accreditation Panel, RSPN will hold a series of meetings and workshops with the key stakeholders, including with the DA, NIE and other relevant partners.</p>	<p>Meetings and workshops</p>

E. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board’s procedures

Head of Implementing Entity	Signature	Date (Month, day, year)	Implementing Entity Contact Person	Telephone	Email Address
Dr. Karma Tshering, Managing Director, Bhutan Trust Fund for Environment Conservation		4 th March, 2024 19 th June 2024	Ms. Phuntshe Choden, Program Officer Mr. Kinley Tshering, Chief Program Officer phuntshe@bhantrustfund.bt	Ms. Phuntshe Choden, Program Officer +975 17515406 +975 17113866 Dr. Karma Tshering, Managing Director +975 17162393	kinlevphuntshe@bhantrustfund.bt karma@bhantrustfund.bt

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F. Record of request of support on behalf of the government

Provide the name and position of the government official who is the Designated Authority of the Adaptation Fund in the NIE candidate country and indicate date of endorsement. The letter of endorsement from the Designated Authority should be attached as an annex to the application.

(Mr. Tshering Dorji, Director, Department of Macro-Fiscal and Development Finance, Ministry of Finance	Date: (Month, day, year)
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The Designated Authority

Seal and Sign

Annexure 1: No Objection Letter from Designated Authority



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དཔལ་ཚེས་ལྷན་ཁག།
DEPARTMENT OF MACRO-FISCAL AND DEVELOPMENT FINANCE
MINISTRY OF FINANCE

MoF/D MDF/AF_DA/2022-2023/1089

26/12/2022

Mr. Mikko Ollikainen,
Manager of the Fund,
Adaptation Fund Secretariat, Washington D.C., USA.

Subject: Expression of Interest for Accreditation of RSPN as Second NIE to AF.

Dear Manager of the Adaptation Fund,

Greetings from the Department of Macro-fiscal and Development Finance (D MDF), the office of the AF Designated Authority.

Based on the Decision 42 of the AF Board 36, each country party is permissible to have two NIEs. While Bhutan has its first national institution namely Bhutan Trust Fund for Environmental Conservation (BT FEC) accredited as 28th NIE of the AF on 25/01/2018, we avail opportunity to transmit 'Expression of Interest' to accredit Royal Society for Protection of Nature (RSPN) as the second NIE of the country as conveyed through RSPN's letter RSPN/GCF/2021/611 dated 07/12/2022.

The accreditation of the second NIE is to strengthen national owned institution to access resources from climate financing windows besides the assurance of country ownership and linkage of national institute to international agency to complement Bhutan's pursuit of conservation and climate actions. Therefore, we would like to seek Secretarial advice on the process of accreditation and request to cognise relevant actors on the necessary follow-up, as may be required to complete the accreditation formalities. Kindly also advise if RSPN is eligible to access 'Readiness Package Grant' for its accreditation, as per Decision 25 of the AF Board 36.

Kindly, accept assurance of my highest consideration.

Thanking you,

Yours Sincerely,


Loday Tshelen
(Director).

Annexure 2: Record of Discussion held between NIE and NIE Candidate

Record of Discussion (RoD) held between NIE and NIE Candidate in Thimphu

Date: 3rd February 2023

Venue: BTF Conference Hall, Thimphu

Participants:

1. Wangchuk Namgay, Director, RSPN
2. Singye Dorji, Chief Financial Officer, BTF
3. Tsheten Dorji, Chief, Sustainable Livelihood Division, RSPN
4. Phuntsho Choden, Program Officer, BTF
5. Tshering Tobgay, Research Officer, RSPN
6. Dechen Tshomo, Finance Officer, RSPN

Upon endorsement from the designated authority on 26 December 2022, the candidate National Implementing Entity (RSPN) and National Implementing Entity (BTF) held a meeting on 3rd February 2023 to discuss gaps and challenges of the NIE candidate in navigating accreditation processes.

The NIE observed that candidate RSPN has the following documents relevant to accreditation. (i) Establishment of legality (ii) Service rules and regulation (iii) Procurement and property rules and regulation (iv) Financial rules and regulation (v) Anti-Money Laundering and Countering financing terrorism (vi) Compliant and redress mechanism policy (vii) Internal control system.

However, to navigate accreditation processes seamlessly the NIE observed the following gaps and challenges that needs to be addressed.

1. Environment Social Safeguards
2. Gender policy
3. Risk Management (pre-project appraisal and operational)
4. Internal control framework aligns to AF standards and principles
5. Capacity building on implementation on the above missing gap and standards.

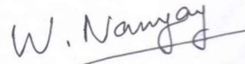
The NIE recommended to access readiness package grant to support development of the above missing documents/policies and capacity building.

The NIE also recommended to get acquainted with the accreditation process for which the NIE is willing to support the NIE candidate through conduct of series of workshops and bilateral consultation meetings.

The NIE shared the institutional visit to accredited entities (for e.g. BTF visit to NABARD, India as a NIE candidate) was found to be meaningful in learning gaps and challenges, and how to process accreditation and development of pipeline project proposals.

As a way forward the NIE and NIE candidate agreed to meet as and when required, including to meet for development of readiness grants proposal imminently.

Mr. Wangchuk Namgay, Director, RSPN, NIE Candidate



Mr. Singye Dorji, Chief Financial Officer, BTF, NIE



Annexure 3: Letter on Proposal Development with NIE candidate



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Royal Society for Protection of Nature

Under the Royal Patronage of Her Majesty Gyaltsuen Jetsun Pema Wangchuck
Inspiring personal responsibility and actively involving the people of Bhutan in
Conservation of the Kingdom's Environment

RSPN/AF/2024/ 34

30th January 2024

The Managing Director,
Bhutan Trust Fund for Environment Conservation,
Thimphu,

Subject: Proposal for Readiness Package Grant under Adaptation Fund

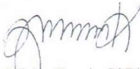
Dear Sir,

As you may be aware, RSPN is processing accreditation with the Adaptation Fund and its documents are currently under review by the Adaptation Secretariat. In order for the RSPN to fast-track its accreditation process with the Adaptation Fund and also to fill-up the capacity gaps both in terms of documentation and human resource relating to accreditation, the RSPN aspires to seek Adaptation Fund NIE accreditation Readiness Package Grant amounting to US\$ 150,000. The proposal is to be either submitted through the Country NIE (BT FEC) or Multilateral Entity accredited with Adaptation Fund by March, 2024.

Given the BT FEC's recognition as the country NIE and recent project management experience with Adaptation Fund, we propose to access the above readiness package grant through BT FEC. We would therefore request BT FEC to kindly consider submitting RSPN's proposal to access the above preparatory grant through BT FEC. We will share the proposal shortly and where necessary consult BT FEC for the proposal development inputs.

Thanking you,

Yours sincerely,


(Kinley Tenzin, PhD)
Executive Director

Co:

1. Offg. Director, Department of Macro-Fiscal and Development Finance, Designated Authority, Ministry of Finance for kind support

Annexure 4: Letter on Meeting for Finalization of the Proposal



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Royal Society for Protection of Nature

Under the Royal Patronage of Her Majesty Gyaltsuen Jetsun Pema Wangchuck

Inspiring personal responsibility and actively involving the people of Bhutan in
Conservation of the Kingdom's Environment

RSPN/AF/24 - ༩༥

26th February, 2024

The Managing Director,
Bhutan Trust Fund for Environment Conservation,
Thimphu

Subject: Invitation to the meeting on Readiness Grant under Adaptation Fund

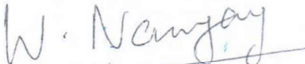
Dear Sir,

As much aware, RSPN is developing a proposal under the Readiness Package Grant of the Adaptation Fund. In order to finalize the proposal, a meeting is scheduled from 29th February to 1st March, 2024 in Phuentsholing.

Based on the relevance and experience with the Adaptation Fund, we would request participation of Mr. Singye Dorji, Chief Finance Officer and Ms. Phuntsho Choden, Program Officer to the meeting. All logistics and DSA/TA shall be borne by the RSPN.

Thanking you,

Yours sincerely,


(Mr. Wangchuk Namgay)
Director

Annexure 25: Detailed budget

Component	Activity	Budget Note	Rate	Total proposed budget
Component 1: Developing policies and manuals	Activity 1.1: Technical assistance (TA) in development of environmental and social safeguards and other relevant accreditation documents	Hiring of Consultant (Individual Local) -	USD 200*30 days	6000
		2 Consultation Meeting/Workshop	DSA = 1875(37.5 rate x 10 participants x 3 days)	1,125.00
			Mileage=625(62.5 rate x 10 participants)	625.00
			Food and Lodging=1562.5(31.25 rate x 10 participants x 3 days)	937.50
			Conference Hall = 1000 (200 rate x 3 days)	600.00
			Workshop materials Supplies=500	500.00
			2 Consultation Meeting/Workshop	7,575.00
			Total for Activity 1.1	13,575.00
Component 1: Developing policies and manuals	Activity 1.2: Technical assistance in developing Gender Policy	Hiring of Consultant (Individual Local) -	USD 200*30 days	6000
		2 Consultation Meeting/Workshop	DSA = 1,125 (37.5 rate x 10 participants x 3 days)	1,125.00
			Mileage=625(62.5 rate x 10 participants)	625.00

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			Food and Lodging= 937 (31.25 rate x 10 participants x 3 days)	937.50
			Conference Hall = 600 (200 rate x 3 days)	600.00
			Workshop materials Supplies=500	500.00
			2 Consultation Meeting/Workshop	7,575.00
			Total for Activity 1.2	13,575.00
Component 1: Developing policies and manuals	Activity 1.3: Technical assistance in developing operational manual for project appraisal and formulation	Hiring of Consultant (Individual Local) -	USD 200*15 days	3000
		2 Consultation Meeting/Workshop	DSA = 1,125 (37.5 rate x 10 participants x 3 days)	1,125.00
			Mileage=625(62.5 rate x 10 participants)	625.00
			Food and Lodging= 937 (31.25 rate x 10 participants x 3 days)	937.50
			Conference Hall = 600 (200 rate x 3 days)	600.00
			Workshop materials Supplies=500	500.00
			2 Consultation Meeting/Workshop	7,575.00
			Total for Activity 1.3	10,575.00
Component 1: Developing policies and manuals	Activity 1.4: Update Financial Rules and Regulation, Procurement Rules	Hiring of Consultant (Individual Local) -	USD 200*45 days	9000

	and Regulation, Service Rules and Regulation, Anti-money laundering Policy, Countering Financing Terrorism, Grievance Redressal Mechanism	3 Consultation Meeting/Workshop	DSA = 1,125 (37.5 rate x 10 participants x 3 days)	1,125.00
			Mileage=625(62.5 rate x 10 participants)	625.00
			Food and Lodging= 937 (31.25 rate x 10 participants x 3 days)	937.50
			Conference Hall = 600 (200 rate x 3 days)	600.00
			Workshop materials Supplies=500	500.00
			2 Consultation Meeting/Workshop	11,362.50
			Total for Activity 1.4	20,362.50
Component 1: Developing policies and manuals	Activity 1.5: Consultation and Validation workshop on ESS, Gender Policy and updated manuals and policies	1 Consultation Meeting/Validation Workshop	DSA = 2812(37.5 rate x 15 participants x 5 days)	2,812.50
			Mileage=937(62.5 rate x 15 participants)	937.50
			Food and Lodging= 2,343.75 (31.25 rate x 15 participants x 5 days)	2,343.75
			Conference Hall = 1000 (200 rate x 5 days)	1,000.00
			Office Supplies=600	600.00
			Consultation Meeting/Validation Workshop	7,693.75
			Total for Activity 1.5	7,693.75
Component 1: Developing policies and manuals	Activity 1.67: Visit to one of the NIEs	Travel International -	DSA= 18000 (150 rate x 12 days x 8 participants)	14,400.00

	to learn lessons, challenges on accreditation and project proposal development under AF		Airfare= 12,500 (1250 rate x 8 participants)	10,000	
			Training fees and charges =8,000.	8,000	
			Total for Activity 1.7	32,400.00	
Component 2: Stakeholder consultation meeting consultation meeting to respond to AF comments	Activity 2.11: Stakeholder consultation meeting to respond to AF	<u>2</u> —Consultation Meeting/Workshop	DSA = 1875(37.5 rate x 10 participants x 5 days)	11,325.00	
			Mileage=625(62.5 rate x 10 participants)		
			Food and Lodging= 1562.5(31.25 rate x 10 participants x 5 days)		
			Conference Hall = 1000 (200 rate x 5days)		
			Office Supplies=6000		
			Sub-total (2.1(a))		11,325.00 (A)
			<u>Lump sum charges for consultant (200*50 days)</u>		<u>10,000.00</u>
			<u>DSA = 1,125 (37.5 rate x 10 participants x 3 days)</u>		<u>1,125.00</u>
			<u>Mileage=625(62.5 rate x 10 participants)</u>		<u>625.00</u>
			<u>Food and Lodging= 937 (31.25 rate x 10 participants x 3 days)</u>		<u>937.50</u>
			<u>Conference Hall = 600 (200 rate x 3 days)</u>		<u>600.00</u>
			<u>Workshop materials Supplies=500</u>		<u>500.00</u>
			Subtotal (2.1(b))		27,575.00 (B)

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		<u>Component 2: Total</u>	<u>A+B</u>	<u>38,900</u>
Component 3: Audit	Audit		<u>Lumpsum</u>	<u>1000.001000</u>
Total Project/Programme Cost				138,081.25

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The management fee will be used to manage and execute the following activities

Activity	Budget
Coordination meeting (Inception, Mid-Term and Terminal)	3000
Supervision and Monitoring	1500
Reviewing and Reporting	2000
Evaluation	1100
Mobility and communication	3137
Office supply	1000
Total	11,737.00

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AFB/PPRC.33-34/2



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Department of Macro-fiscal and Development Finance
Ministry of Finance
Royal Government of Bhutan

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MoF/D MDF/AF_DA/2023-2024/1887

05/03/2024

Letter of Endorsement by the Government

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

Subject: Endorsement for Readiness Package Grant to support Bhutan's 2nd NIE Accreditation with AF.

In my capacity as Designated Authority for the Adaptation Fund in Bhutan, I confirm that the above national grant proposal is in accordance with the government's national priorities in implementing adaptation activities and instituting governance mechanisms to reduce adverse impacts of, and risks, posed by climate change in Bhutan.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by the Bhutan Trust Fund for Environment Conservation and executed by the Royal Society for Protection of Nature.

Thanking you,

Sincerely yours,


(Mr. Tshering Dorji)
Director
Designated Authority
Department of Macro - Fiscal
and Development Finance



Copy to:

1. Managing Director, BT FEC for kind submission of the proposal.
2. Executive Director, RSPN for the kind information.

AFB/PPRC.33-34/2

