



ADAPTATION FUND

AFB/PPRC.35/35
17 March 2025

Adaptation Fund Board
Project and Programme Review Committee
Thirty-fifth meeting
Bonn, Germany, 8-9 April 2025

Agenda Item 8 c)

PROPOSAL FOR LOCALLY-LED ADAPTATION SINGLE COUNTRY PROPOSAL FOR BHUTAN

Background

1. At its thirtieth meeting, having considered document AFB/B.30/5/Rev.1, the Adaptation Fund Board decided:

(a) *To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and*

(b) *To request the secretariat:*

(i) *To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*

(ii) *To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*

(iii) *To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

(Decision B.30/42)

2. Pursuant to decision B.30/42, subparagraph b (ii), the secretariat prepared a draft implementation plan for the MTS, including an assessment of assumptions and risks. The secretariat shared a version of the draft with the MTS task force for comments.

3. The draft implementation plan also contains suggestions for specific funding windows that might be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects. Following the approval of the implementation plan, the secretariat would present specific proposed details for each new funding window at subsequent meetings of the Board for its consideration, in accordance with the timeline contained in the implementation plan.

4. At its thirty-first meeting, the Adaptation Fund Board discussed the draft implementation plan for the MTS, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

(a) *To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);*

(b) *To request the secretariat:*

[...]

- (iii) *To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;*
- (iv) *Following consideration of the new types of support mentioned in subparagraph (b)(iii), to propose, as necessary, amendments to the Fund's operational policies and guidelines Fund to better facilitate the implementation of such new types of support; and*

[...]

(Decision B.31/32)

5. Having recognized that there was a high level of interest among the Fund's stakeholders on Enhanced Direct Access (EDA), a specific funding window on EDA was included in the MTS implementation plan to complement the Fund's existing funding window for single-country projects.

6. At the second session of its thirty-fifth meeting the Board considered the document AFB/PPRC.26.b/18, Window for Enhanced Direct Access under the MTS and the Board decided:

- (a) *To approve the pilot for projects submitted through the window for enhanced direct access (EDA) to promote EDA and further promote locally led adaptation under the Fund;*
- (b) *That the pilot window to promote EDA projects/programmes shall be available to national implementing entities (NIEs) only, in the form of a grant up to a maximum of US\$5 million per country;*
- (c) *That the window for EDA will not count against what the country could access under the country cap established by the Board for regular concrete projects/programmes;*
- (d) *That the execution costs for proposals submitted under the EDA window should be up to a maximum of 12 per cent of the total project/programme budget requested before the implementing entity fees, and should not exceed 1.5 per cent in cases where the Implementing Entity has also taken on the role of Execution Entity for the proposed project/programme activities, and that the implementing entity fee should be up to a maximum of 10 per cent of the total project costs;*
- (e) *That NIEs submitting proposals through the EDA window should do so using the existing approved proposal template and guideline materials for regular concrete projects/programmes nonetheless taking note of the project fees in subparagraph (d) and that EDA proposals submitted through the two-step project approval process are eligible for the project formulation grant and project formulation assistance grant as per the approved criteria by the Board for those grants;*
- (f) *That the review cycle and approval of projects/programmes submitted through the EDA window shall follow the review and approval process as well as reporting*

requirements for regular projects/programmes under the Fund notwithstanding adherence to subparagraph where it concerns the review and approval of project fees; and

(g) To request the secretariat to present to the PPRC at its twenty-eighth meeting, an analysis of the project review cycle for EDA projects including an update on the implementation status of the EDA window.

(Decision B.35.b/10)

7. The Adaptation Fund Board adopted at its thirty-ninth meeting in October 2022 the medium-term strategy of the Adaptation Fund for the period 2023-2027 (MTS-II). The strategy introduced a special emphasis on promoting locally led adaptation (LLA) in the Fund's work and included a new cross-cutting theme to "Promote locally based and locally led adaptation action including by devolving access and decision-making on adaptation finance to national, subnational, and local levels."

8. Three modalities were proposed through Decision B.40/72 in March 2023:

(a) Enhancing the existing Enhanced Direct Access window,

(b) Establishing a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities,

(c) Opening the option for EDA-type national programmes for MIEs and RIEs.

9. The Adaptation Fund Board at its forty-second board meeting in April 2024, considered the paper entitled 'Additional delivery modalities for expanding support to locally led adaptation' and the Board decided:

Single country locally-led adaptation projects and programmes

a. To merge the window for enhanced direct access into an expanded and enhanced window for single-country locally led adaptation (LLA) projects/programmes as contained in paragraphs 37–42 of document AFB/PPRC.33/39;

b. That the window for single-country LLA projects/programmes will be available for access by eligible countries through national, regional or multilateral implementing entities, in the form of a grant of up to a maximum of US\$ 5 million per project;

c. That the window for single-country LLA programmes will continue to be financed outside the country cap established by the Board for regular concrete projects/programmes;

d. That single-country LLA proposals can be submitted through the three-step project approval process and are eligible for a project formulation grant (PFG) for a maximum of US\$ 150,000 as per the approved criteria by the Board for those grants;

e. That an additional PFG amount (inclusive of the management fee) can be provided on a case-by-case basis for LLA projects up to a maximum of US\$ 100,000, and that such amount should be dedicated to support activities that enable decision making by local actors over how adaptation actions are defined, prioritized, designed and implemented;

- f. *That, for a PFG at the pre-concept stage, up to 20 percent of the maximum amount of the PFG set in subparagraphs (d) and (e) above could be granted;*
- g. *To approve the revised proposal template and project review sheet contained in annex 3 and annex 4 to document AFB/PPRC.33/39, respectively;*
- h. *To request the secretariat to develop instructions for preparing requests for proposals and additional guideline materials for projects/programmes under this window;*

[...]

(Decision B.42/37)

10. Having considered the recommendation of the Project and Programme Review Committee, the Board decided to include in its work programme for fiscal year 2025 a provision for an amount of US\$ 26.5 million for single country LLA grants (B.42/33).
11. The following concept not proposal document titled “Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan” was submitted for Bhutan by Bhutan Trust Fund for Environmental Conservation (BT FEC), which is a National Implementing Entity of the Adaptation Fund.
12. This is the third submission of the concept not proposal using the two-step submission process.
13. The current submission was received by the secretariat in time to be considered in the forty fourth Board meeting. The secretariat carried out four technical reviews of the project proposal, with the Project ID number AF00000401.
14. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with BT FEC and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.
15. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25/15, the proposal is submitted with changes between the initial submission and the revised version highlighted or with track changes.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: LLA Single country concept note

Country/Region: Bhutan
Project Title: Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan
Thematic Focal Area: Water Management/ Ecosystem based Adaptation
Implementing Entity: Bhutan Trust Fund for Environmental Conservation (BT FEC)
Executing Entities: Department of Water (DoW), Ministry of Energy and Natural Resources
 Department of Forests and Park Services (DoFPS), Ministry of Energy and Natural Resources
 Department of Agriculture (DoA), Ministry of Agriculture and Livestock
 Department of Infrastructure Development (DoID), Ministry of Infrastructure and Transport
 Thimphu Dzongkhag Administration
 Bhutan Ecological Society (BES)

AF Project ID: AF00000401
IE Project ID: **Requested Financing from Adaptation Fund (US Dollars):** 5,000,000
Reviewer and contact person: Alyssa Gomes **Co-reviewer(s):**
IE Contact Person:

Technical Summary:	<p>The project “Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan” aims to enhance the adaptive capacities of communities to impacts of climate change by building resilience and implementation of ecosystem-based adaptation measures in Thimphu district. This will be done through the three components below:</p> <p><u>Component 1:</u> Ecosystem-based adaptation (EbA) to ensure natural capacity for water infiltration, recharge, and water buffering. (USD 862,065).</p> <p><u>Component 2:</u> Community-based climate resilient drinking water and irrigation infrastructure established (USD 2,858,442)</p> <p><u>Component 3:</u> Capacity of local communities and organizations on knowledge and skills related to sustainable water resource management, local climate adaptation planning, and implementation enhanced. (USD 450,000).</p> <p><u>Requested financing overview:</u> Project/Programme Execution Cost: USD 437,788 Total Project/Programme Cost: USD 4,170,507 Implementing Fee: USD 319,705 Financing Requested: USD 5,000,000</p>
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A Project Formulation Grant (PFG) of USD 250,000 in total is requested.

The first technical review raised several issues, such as the need to further clarify locally-led adaptation approaches and decision making structures in the planning, design and management of planned interventions, the quantification of the economic, social and environmental benefits, the justification of cost-effectiveness and sustainability of the proposed measures, compliance with ESP and GP, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.

The second technical review found that majority of the issues have been clarified at the concept stage. However, there are a few pending clarifications related to compliance with the gender policy and the need for findings of an initial gender assessment and the consultations with communities.

The third technical review finds that all CRs and CARs have been sufficiently addressed for the concept stage.

The \$150,000 Project Formulation Grant (PFG) will be used to finalize the full project proposal through extensive local stakeholder consultations, feasibility assessments, and technical studies. Key activities include community consultations across four Gewogs, development of Gender Action Plan (GAP) and Environmental and Social Management Plan (ESMP), translation of key documents into Dzongkha, and professional services for proposal development. Additionally, the PFG will support a review of local Indigenous knowledge on water management and EbA, a project consolidation workshop, and a write-shop to finalize the proposal.

The additional \$100,000 PFG for LLA will be specifically used to enhance local-level decision-making by strengthening participatory governance mechanisms and building the capacity of local actors to define, prioritize, and implement adaptation actions. The activities include capacity-building workshops on project management and adaptation planning, enhancing local Monitoring and Evaluation (M&E) systems, and organizing learning visits to successful adaptation sites in Bhutan and internationally. These efforts aim to devolve decision-making power to the lowest appropriate level and ensure that adaptation actions are locally driven and sustainable.

Date: 7 February 2025

Review Criteria	Questions	Comments First Round [22 July 2024]	Comments Second Round [3 September 2024]	Comments Third Round [7 February 2025]
Country Eligibility	1. Is the country party to the Kyoto Protocol and/or the Paris Agreement?	Yes.	-	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<p>Yes.</p> <p>Bhutan faces escalating climate hazards such as flash floods, glacial lake outburst floods, windstorms, forest fires, and landslides, posing challenges to catchment area maintenance, water availability, and climate resilience, especially in peri-urban regions.</p> <p>Thimphu district (project target area) is particularly vulnerable to water-related hazards like flash floods, landslides, and river flooding, exacerbated by higher temperatures increasing snowmelt and altering river discharge patterns. Climate models also predict more frequent heatwaves and droughts, impacting communities in Bhutan's inner dry valleys. Forest fires are a significant threat to Bhutan's forests,</p>	-	-

		particularly affecting blue pine ecosystems and causing substantial damage to wildlife and biodiversity, with an average of 57 fire incidents and 200 hectares affected annually. (p.3-13)		
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes, dated 21 June 2024.	-	-
	2. Does the length of the proposal amount to no more than fifty (50) pages for the Concept note project document, including its annexes?	Yes, the proposal is 49 pages including the annexes.	-	-
	3. Does the project / programme support concrete adaptation actions to assist the country and/or the local actors in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	Yes, however further information is requested. The project aims to address several interrelated challenges faced by communities in Thimphu District, Bhutan. In light of the climate challenges, concrete interventions aim to restore catchments, reduce the risks of forest fires, and enhance drinking water and irrigation systems in Thimphu district. The	CAR1: Cleared. CR1: Cleared , as per information provided on pages 21-24. CR2: Not cleared. The additional information provided mentions operation, maintenance, and data collection from the weather stations. (p.22). The additional information suggests that by installing hydro-meteorological stations, the project will obtain	CR2: Cleared at concept stage (Page 24). The additional information clarifies that hydro-meteorological stations will be established to collect localized microclimatic data, which will be analyzed with the Department of Water (DoW) and relevant agencies to assess watershed health. However, the fully developed proposal must specify how this data

		<p>project aims to achieve this by implementing sustainable water management practices and promoting community engagement, securing water resources, and enhancing the socio-economic well-being of vulnerable communities in Thimphu.</p> <p>CAR1: Please use the LLA single country template for concept proposals that was shared on June 6th during the LLA window familiarization call. Templates are also posted on the website. https://www.adaptation-fund.org/apply-funding/locally-led-adaptation/lla-single-country-grants/.</p> <p>CR1: Component 1 focuses on well-defined ecosystem-based adaptation measures to address climate impacts. However, the following elements need to be clarified in the context of locally-led adaptation:</p> <ol style="list-style-type: none"> 1. How has the project involved local community leaders and members/ or plans 	<p>microclimatic data directly from the target areas, thus avoiding the need for downscaling larger-scale meteorological data. This approach provides localized climate data that is more relevant and actionable for local adaptation planning. However, proposal needs to describe how this data will be disseminated among the community and how it will inform local decision-making.</p> <p>CR3: Cleared at concept stage. The proposal mentions that community consultations will be carried out during the fully proposal development stage and a feasibility assessment that considers field surveys and design work, will also be conducted.</p> <p>While the response outlines the general process of community engagement, it could benefit from more details on how these consultations will be conducted. At the fully developed proposal stage please:</p>	<p>will be disseminated to local communities and how it will directly influence local decision-making.</p> <p>The revised proposal now includes training for local communities on hydro-met data collection, instrument operation, and data maintenance, along with capacity-building initiatives to ensure effective dissemination. Data will be shared through accessible formats such as leaflets and posters, with a particular focus on women's participation. Additionally, annual reports will be produced on watershed health, and this data will guide the design of locally-based interventions (NbS) to improve watershed conditions.</p>

		<p>to involve them, in the initial planning stages, to identify and prioritize EbA measures that are most relevant to their specific environmental and socio-economic conditions?</p> <p>2. How will the project enable communities to propose their own projects based on local knowledge and needs, which can be integrated into the larger EbA strategy.</p> <p>3. What are the mechanisms that allow local communities to provide feedback on EbA practices and make adjustments based on what is or isn't working.</p> <p>Under activity 1.1.5, the project aims to establish microclimate and meteorological stations for enhancing decision making. However, the proposal has not clarified how data will be downscaled, and how it</p>	<ul style="list-style-type: none"> - Detail the specific participatory methods that will be employed during the consultation days to ensure diverse and comprehensive community representation. - Explain how the feedback from consultations and co-creation workshops will be documented, analyzed, and integrated into the final project design. - Describe how findings from community consultations and feasibility assessments will be communicated back to the community, ensuring transparency, and building trust. <p>CR4: Cleared, as per the additional information on pages 26-27.</p> <p>CR5: Cleared, as per the additional information on</p>	

		<p>will involve local communities in the data collection and monitoring of environmental changes.</p> <p>CR2: Please clarify how the project will downscale data and enhance the capacity of local communities and local institutions to collect, analyze, monitor, and disseminate data.</p> <p>To further integrate LLA approaches into Component 2 of the project, which focuses on enhancing access to clean, safe drinking water and reliable irrigation for farming in four gewogs of Thimphu, the following elements could be considered to ensure local ownership and effective implementation.</p> <p>CR3: Please explain how the project will take into consideration local needs assessment i.e., conducting detailed assessments with community participation to understand specific local needs and preferences before finalizing water supply and irrigation projects.</p>	<p>page 25.</p> <p>CAR2: Cleared. The fees have been updated to reflect the caps.</p>	

		<p>Related to this point, how does the project plan to involve communities in design workshops where they can provide input on the technical and logistical aspects of water and irrigation systems, ensuring the solutions are tailored to their specific situations.</p> <p>CR4: Please explain provisions for developing local capacity in project management, financial management, and the operation of water supply and irrigation systems through targeted training programs.</p> <p>CR5: Related the water users associations (WUAs), please clarify provisions to strengthen or establish local water user committees that have the authority to manage the daily operations of water supply and irrigation systems, including decision-making about resource allocation.</p> <p>CAR2: Please ensure that IE and EE fees are at the caps of 8.5% and 9.5% respectively. The fees</p>		

		calculator can be used for this, link here: IE and EE Fees Calculator (EXCEL).		
	<p>4. Does the project/programme enable devolving decision making to the lowest appropriate level? Does it give local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored and how success is evaluated.</p>	<p>Not cleared.</p> <p>Overall, the project demonstrates alignment with LLA principles to an extent through some emphasis on capacity building, participatory approaches, and local empowerment under component 3. However, the budget for this is too small (USD 200,000). Furthermore, the proposal has not sufficiently explained the provisions to enhance local actors' control in financial management and other critical decision-making aspects in the prioritization, design, and implementation of concrete interventions proposed across all 3 components.</p> <p>To enhance the implementation of LLA principles in Component 3 of the project, which focuses on building capacity for local adaptation planning and implementation, please</p>	<p>CR6: Cleared at concept stage (p.25-26)</p> <p>At the fully developed proposal stage:</p> <ul style="list-style-type: none"> - Specify the techniques or facilitation methods that will be used in workshops to ensure inclusive and effective participation from all community members, particularly those from marginalized groups. - Clarify how ongoing support will be provided to the WUAs and individual community members to sustain their engagement and effectiveness over the long term. - Detail how the effectiveness of these participatory approaches will be monitored and 	

		<p>address the following clarification requests.</p> <p>CR6: Related to proposed workshops, please explain arrangements for workshops that not only train but also actively involve community members in planning and decision-making processes. In doing so, please explain how the project will ensure representation from all segments of the community, particularly marginalized groups.</p> <p>CR7: Please consider processes for identifying and nurturing local leaders, including women and youth, providing them with advanced leadership and project management skills to lead local adaptation efforts.</p> <p>CR8: Beyond general adaptation planning, please describe arrangements for specialized training in specific areas such as sustainable agriculture, ecosystem management, and disaster risk reduction.</p>	<p>evaluated throughout the project lifecycle.</p> <p>CR7: Cleared at concept stage (p.25-27) At the FP stage, clarify how the effectiveness of this leadership training be evaluated? What benchmarks will be used to measure success in fostering local adaptation leaders?</p> <p>CR8: Cleared at concept stage (p.21-22) At the FP stage, clarify who will deliver these training sessions? Will there be experts or partnerships with local or international organizations specializing in these fields? How will community feedback be integrated into the design and adaptation of these training modules to ensure they are contextually relevant?</p> <p>CR9: Cleared at concept stage (p.26-27). At the FP stage, outline a clear plan for technological support (e.g., irrigation management software, water quality testing kits)</p>	

	<p>CR9: Clarify how the project will strengthen local institutions like Water User Associations, by providing them with the tools, technologies, and the authority needed to manage local adaptation strategies effectively.</p> <p>The proposal includes a sentence recognizing the importance of indigenous knowledge integration but has not explain how it will ensure indigenous and local knowledge integration.</p> <p>CR10: Please explain how the project will systematically integrate local and indigenous knowledge into adaptation strategies through participatory research and documentation.</p> <p>CR11: Please clarify arrangements for cross-community learning platforms. Please consider establishing platforms for communities to share experiences and lessons, not just within the project area but beyond, promoting a broader exchange of knowledge and strategies.</p>	<p>and ongoing professional development for WUA members could enhance their long-term effectiveness and independence.</p> <p>CRs 10-13, Cleared at concept stage (p.22-27). At the FP stage,</p> <p>For CR10, describe the participatory methods in more detail and outline a plan for continuous involvement of the community in integrating traditional knowledge.</p> <p>In CR11, consider strategies for engaging a broader audience, including those less familiar with digital tools, and detail the feedback integration process.</p> <p>For CR12, provide more details on the content of advocacy training and plans for post-training support.</p> <p>In CR13, explain plans for expanding the capabilities of local committees and detail the support structures that will be put in place.</p>	
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		<p>CR12: Please consider activities focused on training community members and leaders in advocacy skills to engage with policymakers, ensuring that local adaptation needs and strategies are reflected in broader environmental and development policies.</p> <p>CR13: Please explain considerations towards formalizing the roles and responsibilities of local committees and leaders within local governance structures to ensure their efforts are recognized and supported legally and administratively.</p> <p>The project plans to facilitate partnerships with NGOs, government agencies, and other stakeholders to provide technical support and ensure that local actions are supported by broader initiatives. However, this idea is not developed, and activities are not clearly explained.</p> <p>By the fully-developed proposal stage, please clarify which NGOs'</p>		
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		<p>expertise and skill will be tapped into through formalized partnerships and explain what specific technical support will be leveraged to ensure that local actions are supported by broader initiatives</p>		
	<p>5. Does the project / programme provide economic, social, and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? Does the project/programme address structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups?</p>	<p>Not cleared.</p> <p>On pages 29-31, the proposal includes a general description of environmental, social, and economic benefits. However, the proposal needs to further strengthen the project in terms of locally-led approaches for monitoring the benefits across the environmental, economic, and social areas, and certain elements could be enhanced or added. Please see below.</p> <p>CR14: Although community involvement is mentioned, the proposal should explain arrangements for the creation of specific local monitoring teams composed of community members that can further empower local actors to monitor ongoing environmental changes,</p>	<p>CR14: Cleared at concept stage (p.31). At the FP stage, discuss strategies for maintaining the monitoring teams post-project, including potential funding sources, partnerships, and integration into local governance structures.</p> <p>CAR3: Not cleared. An initial gender assessment has not been carried out.</p> <p>The response sheet mentions that a detailed assessment of Gender within the targeted communities have not been done during the conceptual stage and a PFG is requested. While a detailed assessment is not needed at concept stage, an initial gender assessment is needed, and the findings presented in the response sheet could be included in</p>	<p>CAR3: Cleared (Annex 6).</p> <p>At the fully-developed proposal stage,</p> <ul style="list-style-type: none"> • Develop a Gender Action Plan (GAP) and Integration in the Results Framework with clear objectives, activities, indicators, and monitoring mechanisms. • A more detailed gender-disaggregated baseline should be established to ensure more precise targeting and impact measurement. • Consider including an intersectionality lens by differentiating impacts on groups such as single women-headed households, youth, elderly, persons with

		<p>economic improvements, and social developments directly related to the project.</p> <p>Please ensure by fully-developed proposal stage, to clarify related to implementation of simple, community-friendly technologies that enable real-time data collection and feedback to improve monitoring and ensure immediate responses to any arising issues.</p> <p>There may be a gap in actively using local and indigenous knowledge systems to monitor environmental health. Incorporating such knowledge can provide insights not easily captured by conventional scientific methods.</p> <p>At the fully-developed proposal stage, ensure to clarify considerations to incorporate indigenous/ traditional knowledge system to monitor environmental benefits. Furthermore, training programs could be developed to both preserve traditional monitoring methods and</p>	<p>the initial gender assessment.</p>	<p>disabilities, and marginalized communities.</p> <ul style="list-style-type: none"> • Clarify measures to include or strengthen Gender-Responsive Community Engagement and Decision-Making • Specify in the full proposal the types of skills and knowledge to be transferred through training (e.g., technical, financial, governance). • Consider establishing mentorship and leadership pathways for women and youth to sustain their participation in governance and decision-making.

		<p>integrate them into the broader monitoring strategy.</p> <p>At the fully-developed proposal stage, ensure to expand on the including of decentralized data managements systems (e.g., local data hubs, community access to data etc.)</p> <p>The project might lack a structured approach to integrating community feedback into ongoing project adjustments. Regular community forums or meetings where results are shared and discussed could foster a deeper understanding of the project's impact and encourage community-led adaptation of strategies.</p> <p>At the fully-developed proposal stage, ensure to clarify arrangements for establishing regular, structured feedback sessions with stakeholders at all levels to enhance responsiveness.</p> <p>Training Community Members in Evaluation Techniques.</p> <p>At the fully-developed</p>		

		<p>proposal stage, ensure to clarify activities, if any, for community members to benefit from training in basic monitoring and evaluation techniques to enable them to contribute more effectively to the project's evaluation processes.</p> <p>CAR3: Please include an initial gender assessment. This is required at the concept stage.</p> <p>Gender Guidance Document for Implementing Entities on Compliance with the Adaptation Fund Gender Policy (Updated in 2022)</p>		
	<p>6. Is the project / programme cost effective?</p>	<p>Not cleared.</p> <p>The analysis on pages 32-33, rightly places EbA within the socio-economic and environmental context of Bhutan, highlighting its suitability due to the country's dependency on natural resources.</p> <p>Emphasizing the long-term cost savings of using durable, climate-smart irrigation technologies (like HDPE pipelines) over traditional concrete structures presents a</p>	<p>CR15: Cleared at concept stage (p.31). At the FP stage,</p> <ul style="list-style-type: none"> - Provide comparative data or studies that show the expected lifespan of concrete channels versus HDPE pipelines under similar usage conditions to bolster the argument for durability. - If data is available, include specific 	

		<p>strong argument for cost-effectiveness. These technologies reduce maintenance costs and adapt better to climate risks.</p> <p>The integration of watershed management strategies that potentially reduce water treatment costs at user ends is a practical example of how upstream investments in EbA can lead to downstream savings.</p> <p>By linking improved irrigation infrastructure to increased agricultural productivity and public health, the analysis effectively ties economic benefits to environmental interventions.</p> <p>Highlighting the reduction of environmental risks such as soil erosion and forest fires through community-based and ecosystem approaches underscores the preventive cost savings of the project.</p> <p>However, enhancing the analysis with more detailed financial data, broader economic</p>	<p>figures or percentages that showcase the broader economic and environmental benefits, such as reductions in water treatment costs or increases in crop yields due to improved irrigation efficiency.</p> <ul style="list-style-type: none"> - Where possible, include references to other regions or projects where HDPE pipelines have been used successfully may be used, providing a basis for scalability and replication of the project's approaches. <p>CR16: Cleared at concept stage. (p.32) The response to CR16 outlines the potential for scaling the project's water management interventions to other regions in Bhutan, citing the country's National Adaptation Plan 2023.</p> <p>At the FP stage,</p> <ul style="list-style-type: none"> - Include a step-by-step plan or 	

		<p>impacts, would provide a stronger, more comprehensive justification for the project's approach.</p> <p>CR15: Please support the analysis, to the extent possible, with more quantitative data to support claims, such as the specific percentage decrease in water treatment costs or the comparison in longevity between HDPE pipelines and concrete irrigation systems (alternative options).</p> <p>To the extent possible, providing cost comparisons between the proposed methods and traditional methods over time would strengthen the argument. This includes initial costs, recurring costs, and potential savings from reduced disaster impacts or enhanced productivity.</p> <p>CR16: Please include a discussion on the potential or pathway for scalability of these interventions in other regions or under different conditions to help</p>	<p>framework for scaling the interventions, potentially involving pilot phases, assessment criteria, and stakeholder engagement strategies.</p> <ul style="list-style-type: none"> - Include a process to leverage specific data or findings from the project's initial phase that demonstrate effectiveness and justify expansion. This could include performance metrics, satisfaction surveys, or economic analyses. 	

		describe the broader applicability and economic viability beyond the immediate project area.		
	7. Is the project / programme consistent with national, sub-national or local sustainable development strategies, national, sub-national or local development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	Cleared. The proposal is consistent with the country's 2023 NAP, 13th Five Year Plan, Climate Change Policy of the Kingdom of Bhutan 2020, National Environment Strategy (NES) 2020, Bhutan Water Policy 2007, Water Act 2011, Water Regulation 2014, National Forest Policy of Bhutan 2011, and National Irrigation Policy of Bhutan (revised 2012). p.33-34.	-	

	<p>8. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund? Does the project provide support to local actors and build their capacities to comply with the standards?</p>	<p>Not cleared.</p> <p>The proposal document lists a number of national technical standards that the project needs to comply with, however does not outline how the project will do so.</p> <p>CAR4: Please state in detail how the project will ensure compliance with the relevant technical standards, as required by national legislation: i.e., outline the steps taken to comply with the standards and the nature of the authorization/clearance granted for the project to be implemented. If further details will be included at the fully-developed proposal stage following additional consultations, please clarify this in the proposal.</p> <p>CR17: Please clarify support (training/ capacity building, partnerships with CSOs) to local actors to build their capacities to comply with the standards.</p>	<p>CAR4: Cleared at concept stage (p.34-35).</p>	
	<p>9. Is there duplication of project / programme with other funding sources? Does the project enhance collaboration across sectors and enhance</p>	<p>No.</p> <p>The proposal has listed projects where collaboration and synergies are anticipated. p.35-36.</p>	-	

	<p>efficiencies and good practice?</p>			
	<p>10. Does the project / programme have a learning and knowledge management component to capture and feedback lessons, in particular managing traditional and/or indigenous knowledge, where relevant? Does it contribute to building and institutionalizing local capabilities?</p>	<p>Not cleared.</p> <p>CR18: Please clarify how the project will document and integrate traditional ecological knowledge into the broader EbA strategies, recognizing and validating local practices and adaptations.</p> <p>At the fully-developed proposal stage, ensure to describe arrangements for community-based monitoring systems (e.g., developing and implementing community-led monitoring systems that allow locals to assess the effectiveness of adaptation actions themselves).</p> <p>At the fully-developed proposal stage, ensure to consider including clear and functional feedback mechanisms that empower communities to report back on issues and success and adjust strategies accordingly.</p> <p>At the fully-developed proposal stage, ensure to include clear knowledge and learning outputs and activities</p>	<p>CR18: Cleared at concept stage (p.37) At the FP stage,</p> <ul style="list-style-type: none"> - Specify the methods and tools that will be used to document traditional knowledge, such as digital archives, written records, or visual media. - Outline the specific criteria or decision-making frameworks that will be used to determine which traditional practices are suitable for integration into EbA strategies. - Describe any training programs that will be developed to support community members in monitoring, documenting, and integrating traditional knowledge into adaptation practices. 	

		<p>in the project components that address the points raised above.</p>		
	<p>11. Has a consultative process taken place, and has it involved and encouraged all key stakeholders, and vulnerable groups, to meaningfully participate in and lead adaptation decisions? Did the consultative process consider and address gender-based, economic, and other inequalities in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Not cleared.</p> <p>Some initial consultations were carried out with the DA, EEs and some local (Gewog) leaders and communities of four gewogs. p37-41. However, how the outcomes of consultations influenced the design of the proposal is not reflected in the proposal.</p> <p>The consultative process further doesn't seem to be gender responsive (there's no specification of tailored technique/methodology, or particular concerns by women, or any other vulnerable group).</p> <p>The proposal has not clarified that comprehensive community level consultations will be undertaken at the fully-developed proposal and/ or on-going consultation during inception phase of the project prior to roll-out of the project activities.</p>	<p>CAR6: Not cleared</p> <p>The response details early engagement with significant stakeholders such as the Ministry of Finance, the Bhutan Trust Fund for Environmental Conservation, and local administrative bodies. While the response mentions that consultations led to the identification of target communities and interventions, it lacks detailed information on how the input from these consultations specifically influenced the design of the proposal. For instance, were there any changes or pivots in project focus based on feedback from stakeholders?</p>	

		<p>CAR6: Please clarify how the outcomes of consultations influenced the design of the proposal and the arrangements for in-depth and inclusive consultations during the fully developed proposal stage. Please consider using project formulation support for the next stage of the proposal development.</p> <p>https://www.adaptation-fund.org/readiness/readiness-grants/project-formulation-grants/ The PFG template is available at the bottom of the page.</p>		
	<p>12. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p>Cleared.</p> <p>The funding requested from the Adaptation Fund will cover the full cost of adaptation. P41.</p>	-	-
	<p>13. Is the project / program aligned with AF's results framework?</p>	<p>Not cleared.</p> <p>CAR7: Please include alignment with the AF Strategic Results Framework (SRF) outcomes in the description of the components. An alignment table is not a requirement at concept stage, however, please use the following resource to describe alignment with SRF outcomes.</p> <p>https://www.adaptation-fund.org/readiness/readiness-grants/project-formulation-grants/</p>	<p>CAR7: Cleared.</p> <p>The project outcomes 1, 2, and 3 correspond with outcomes 3, 4, and 5 of the SRF.</p>	-

		fund.org/document/strategic-results-framework-of-the-adaptation-fund-amended-in-march-2019/		
	<p>14. Has the sustainability of the project/programme outcomes been taken into account when designing the project? Does the project/programme support long-term development of local governance processes, and improve the capacity of local institutions to ensure that communities can effectively implement adaptation actions over the long term?</p>	<p>Not cleared.</p> <p>The sustainability of the project's approach is described on pages 42-43.</p> <p>By aligning with the Water Act of Bhutan 2011 and incorporating the formation and strengthening of Water User Associations (WUAs), the project leverages legal frameworks to ensure that these associations are recognized and integrated into local governance structures.</p> <p>The proposal includes a commitment from the Ministry of Energy, Environment and Natural Resources, and the Ministry of Infrastructure and Transport in providing technical support and securing budgets, that reinforces the institutional capacity to sustain project benefits. Please clarify if there is already an agreement on this or if it will be secured and finalized at a later stage.</p> <p>Integrating infrastructure development and maintenance into central and local government plans</p>	<p>Relevant line Ministries and Departments are involved as members of the Task Force in the formulation of the concept and also identified as the Executing Entities. To ensure responsibilities and sustainability, provisions will be included in the Subsidiary Agreement of the project that will be signed between the NIE and the Royal Government. Furthermore, the response sheet mentions that annual budgeting will be secured upon request from local communities through the Ministry of Energy and Natural Resources and the Ministry of Finance in accordance with the national budgeting framework of the country.</p> <p>CRs 19- 23: Cleared at concept stage (p.43-44).</p> <p>At the FP stage, Related to CR19: Explain how the financial activities of Water User Associations (WUAs) are monitored and audited. Additionally, include information on</p>	

		<p>ensures continued investment and attention, which is vital for the sustainability of project outcomes. The government's commitment to annually allocate budgets for eco-restoration and sustainable land management activities underlines a sustainable funding strategy.</p> <p>CR19: Please describe considerations for developing microfinancing options for communities to manage small-scale upgrades or repairs independently and feedback mechanisms that allow community members to report issues and suggest improvements, which can be incorporated into ongoing project management.</p> <p>CR20: Please clarify training for community members on financial management related to EbA projects to ensure sustainability and proper allocation of resources.</p> <p>Post-project, the WUAs are tasked with operation and maintenance, with major maintenance supported by local government budgets</p> <p>CR21: Please clarify if the project plans to offer training in financial management to</p>	<p>training and support for WUAs in financial management to ensure they can manage funds effectively and independently.</p> <p>Related CR20 & CR21: Provide specifics on the frequency, duration, and content of the financial and project management training programs to better understand their scope and effectiveness. Clarify the providers of this training and the support mechanisms in place to ensure the sustainability of the skills imparted.</p> <p>Related to CR22: Detail how the insights and expertise from these institutions will be integrated into the project's strategies, enhancing adaptability and effectiveness.</p> <p>Related to CR23: Specify quantitative targets or expected outcomes for training modules in sustainable water management to clearly communicate the anticipated impacts. Explain how community feedback will be integrated</p>	
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		<p>local leaders, WUAs and other local institutions to ensure they can effectively manage and sustain financial resources.</p> <p>The provision of extension and technical support services by local government agencies, such as Divisional Forest Offices and Regional agriculture research and development centers, ensures that local needs and accountability are addressed. However, the proposal has not included information on research and development centers and the local NGOs that will be involved.</p> <p>CR22: Please include information on the research and development centers and which activities they are expected to support.</p> <p>CR23: Please explain the strategies in place for promoting sustainable water management practices. How would farmers be trained to use water sustainably, optimize irrigation systems, and minimize water wastage?</p>	<p>into water management practices to ensure the project adapts to local needs and enhances its responsiveness.</p>	
	<p>15. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the</p>	<p>Not cleared.</p> <p>CAR8: Please include a provisional risk categorization (A, B or C).</p>	<p>CAR8: Cleared (p.45). The project is Category B.</p> <p>CAR9: Cleared (p.45).</p>	

	Environmental and Social Policy and Gender Policy of the Fund?	<p>CAR9: Please revise the risk finding for “compliance with law”. Please mention that monitoring measures will be in place.</p> <p>CAR10: The proposal includes partially unidentified subprojects as the exact EbA interventions are not known. Please state in a short description that the project includes USPs and include a brief overview of the plan to ensure management of USPs.</p> <p>Guidance document for Environment and Social Policy (English, French and Spanish)</p> <p>Guidance Document for Project/Programme with Unidentified Sub-Projects (English, French and Spanish)</p>	CAR10: Cleared (p.45-46)	
Resource Availability	1. Is the requested project / programme funding available to the country?	Yes.	-	
	2. Is the Implementing Entity Management Fee at or below 8.5% per cent of the total project/programme budget before the fee?	<p>Not cleared.</p> <p>IE fees are over the cap of 8.5%. IE and EE fees calculator: https://www.adaptation-fund.org/document/ie-and-ee-fees-calculator/</p>	Cleared.	-

	3. Are the Project/Programme Execution Costs at or below 9.5% per cent of the total project/programme budget (including the fee)?	Not cleared. EE fees are over the cap of 9.5%. IE and EE fees calculator: https://www.adaptation-fund.org/document/ie-and-ee-fees-calculator/	Cleared.	-
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes, BFTEC is an accredited IE of the Fund.	-	-



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: LLA Single country concept note

Country/Region: Bhutan
Project Title: Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan
Thematic Focal Area: Water Management/ Ecosystem based Adaptation
Implementing Entity: Bhutan Trust Fund for Environmental Conservation (BT FEC)
Executing Entities: Department of Water (DoW), Ministry of Energy and Natural Resources
 Department of Forests and Park Services (DoFPS), Ministry of Energy and Natural Resources
 Department of Agriculture (DoA), Ministry of Agriculture and Livestock
 Department of Infrastructure Development (DoID), Ministry of Infrastructure and Transport
 Thimphu Dzongkhag Administration
 Bhutan Ecological Society (BES)
AF Project ID: AF00000401
IE Project ID: **Requested Financing from Adaptation Fund (US Dollars): 5,000,000**
Reviewer and contact person: Alyssa Gomes **Co-reviewer(s):**
IE Contact Person:

<p>Technical Summary:</p>	<p>The project “Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan” aims to enhance the adaptive capacities of communities to impacts of climate change by building resilience and implementation of ecosystem-based adaptation measures in Thimphu district. This will be done through the three components below:</p> <p><u>Component 1:</u> Ecosystem-based adaptation (EbA) to ensure natural capacity for water infiltration, recharge, and water buffering. (USD 862,065).</p> <p><u>Component 2:</u> Community-based climate resilient drinking water and irrigation infrastructure established (USD 2,858,442)</p> <p><u>Component 3:</u> Capacity of local communities and organizations on knowledge and skills related to sustainable water resource management, local climate adaptation planning, and implementation enhanced. (USD 450,000).</p>
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Requested financing overview:

Project/Programme Execution Cost: USD 437,788

Total Project/Programme Cost: USD 4,170,507

Implementing Fee: USD 319,705

Financing Requested: USD 5,000,000

The initial technical review raised several issues, such as the need to further clarify locally-led adaptation approaches and decision making structures in the planning, design and management of planned interventions, the quantification of the economic, social and environmental benefits, the justification of cost-effectiveness and sustainability of the proposed measures, compliance with ESP and GP, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.

The second technical review finds that majority of the issues have been clarified at the concept stage. However, there are a few pending clarifications related to compliance with the gender policy and the need for findings of an initial gender assessment and the consultations with communities.

Date: 22 July 2024

Review Criteria	Questions	Comments First Round (22 July 2024)	Comments Second Round (3 September 2024)	Comments third Round (1 November 2024)
Country Eligibility	1. Is the country party to the Kyoto Protocol and/or the Paris Agreement?	Yes.	-	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<p>Yes.</p> <p>Bhutan faces escalating climate hazards such as flash floods, glacial lake outburst floods, windstorms, forest fires, and landslides, posing challenges to catchment area maintenance, water availability, and climate resilience, especially in peri-urban regions.</p> <p>Thimphu district (project target area) is particularly vulnerable to water-related hazards like flash floods, landslides, and river flooding, exacerbated by higher temperatures increasing snowmelt and altering river discharge patterns. Climate models also predict more frequent heatwaves and droughts, impacting communities in Bhutan's inner dry valleys. Forest fires are a significant threat to Bhutan's forests, particularly</p>	-	

		affecting blue pine ecosystems and causing substantial damage to wildlife and biodiversity, with an average of 57 fire incidents and 200 hectares affected annually. (p.3-13)		
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes, dated 21 June 2024.	-	
	2. Does the length of the proposal amount to no more than fifty (50) pages for the Concept note project document, including its annexes?	Yes, the proposal is 49 pages including the annexes.	-	
	3. Does the project / programme support concrete adaptation actions to assist the country and/or	Yes, however further information is requested. The project aims to address several interrelated challenges faced by communities in Thimphu District, Bhutan. In light of the climate	CAR1: Cleared. CR1: Cleared , as per information provided on pages 21-24. CR2: Not cleared. The additional information provided mentions	CR2 Response: Local communities will be trained in Hydro-met establishment, instrument operation, data collection, and maintaining data at both the local and DoW. Hydro-met data will be analyzed in collaboration with the DoW and relevant agencies to understand the changes in micro-climatic condition and hydrological

	<p>the local actors in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p>	<p>challenges, concrete interventions aim to restore catchments, reduce the risks of forest fires, and enhance drinking water and irrigation systems in Thimphu district. The project aims to achieve this by implementing sustainable water management practices and promoting community engagement, securing water resources, and enhancing the socio-economic well-being of vulnerable communities in Thimphu.</p> <p>CAR1: Please use the LLA single country template for concept proposals that was shared on June 6th during the LLA window familiarization call. Templates are also posted on the website. https://www.adaptation-fund.org/apply-funding/locally-led-adaptation/lla-single-country-grants/.</p> <p>CR1: Component 1 focuses on well-defined ecosystem-based adaptation measures to address climate impacts. However, the following elements need to be clarified</p>	<p>operation, maintenance, and data collection from the weather stations. (p.22). The additional information suggests that by installing hydro-meteorological stations, the project will obtain microclimatic data directly from the target areas, thus avoiding the need for downscaling larger-scale meteorological data. This approach provides localized climate data that is more relevant and actionable for local adaptation planning. However, proposal needs to describe how this data will be disseminated among the community and how it will inform local decision-making.</p> <p>CR3: Cleared at concept stage. The proposal mentions that community consultations will be carried out during the fully proposal development stage and a feasibility assessment that considers field surveys and design work, will also be conducted.</p>	<p>regime of the watersheds. Accordingly, a community-based approach will be used to design appropriate interventions measures (NbS) to improve the watershed condition. Annual status report will be produced about the micro-climatic condition, hydrological status, and overall health of the watershed and the information will be shared with local communities and relevant stakeholders. The project will also take concrete actions to address these barriers, such as tailored recruitment, capacity building events, training, or partnerships with local organizations. Furthermore, it will choose to disseminate through written materials (e.g., leaflets or posters) distribution in accessible locations with focus on major women participation access to such information. This will enhance and inform the local decision making and local need-based policy development.</p>
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		<p>in the context of locally-led adaptation:</p> <ol style="list-style-type: none"> 1. How has the project involved local community leaders and members/ or plans to involve them, in the initial planning stages, to identify and prioritize EbA measures that are most relevant to their specific environmental and socio-economic conditions? 2. How will the project enable communities to propose their own projects based on local knowledge and needs, which can be integrated into the larger EbA strategy. 3. What are the mechanisms that allow local communities to provide feedback on EbA practices and make adjustments based on what is or isn't working. <p>Under activity 1.1.5, the project aims to establish</p>	<p>While the response outlines the general process of community engagement, it could benefit from more details on how these consultations will be conducted. At the fully developed proposal stage please:</p> <ul style="list-style-type: none"> - Detail the specific participatory methods that will be employed during the consultation days to ensure diverse and comprehensive community representation. - Explain how the feedback from consultations and co-creation workshops will be documented, analyzed, and integrated into the final project design. - Describe how findings from community consultations and feasibility assessments will be communicated back to the community, ensuring transparency, and 	

		<p>microclimate and meteorological stations for enhancing decision making. However, the proposal has not clarified how data will be downscaled, and how it will involve local communities in the data collection and monitoring of environmental changes.</p> <p>CR2: Please clarify how the project will downscale data and enhance the capacity of local communities and local institutions to collect, analyze, monitor, and disseminate data.</p> <p>To further integrate LLA approaches into Component 2 of the project, which focuses on enhancing access to clean, safe drinking water and reliable irrigation for farming in four gewogs of Thimphu, the following elements could be considered to ensure local ownership and effective implementation.</p> <p>CR3: Please explain how the project will take into consideration local needs assessment i.e., conducting detailed assessments with</p>	<p>building trust.</p> <p>CR4: Cleared, as per the additional information on pages 26-27.</p> <p>CR5: Cleared, as per the additional information on page 25.</p> <p>CAR2: Cleared. The fees have been updated to reflect the caps.</p>	

		<p>community participation to understand specific local needs and preferences before finalizing water supply and irrigation projects. Related to this point, how does the project plan to involve communities in design workshops where they can provide input on the technical and logistical aspects of water and irrigation systems, ensuring the solutions are tailored to their specific situations.</p> <p>CR4: Please explain provisions for developing local capacity in project management, financial management, and the operation of water supply and irrigation systems through targeted training programs.</p> <p>CR5: Related the water users associations (WUAs), please clarify provisions to strengthen or establish local water user committees that have the authority to manage the daily operations of water supply and irrigation systems, including decision-making about resource allocation.</p>		
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		<p>CAR2: Please ensure that IE and EE fees are at the caps of 8.5% and 9.5% respectively. The fees calculator can be used for this, link here: IE and EE Fees Calculator (EXCEL).</p>		
	<p>4. Does the project/programme enable devolving decision making to the lowest appropriate level? Does it give local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented ; how progress is</p>	<p>Not cleared.</p> <p>Overall, the project demonstrates alignment with LLA principles to an extent through some emphasis on capacity building, participatory approaches, and local empowerment under component 3. However, the budget for this is too small (USD 200,000). Furthermore, the proposal has not sufficiently explained the provisions to enhance local actors' control in financial management and other critical decision-making aspects in the prioritization, design, and implementation of concrete interventions proposed across all 3 components.</p> <p>To enhance the implementation of LLA principles in Component 3 of the project, which focuses on</p>	<p>CR6: Cleared at concept stage (p.25-26)</p> <p>At the fully developed proposal stage:</p> <ul style="list-style-type: none"> - Specify the techniques or facilitation methods that will be used in workshops to ensure inclusive and effective participation from all community members, particularly those from marginalized groups. - Clarify how ongoing support will be provided to the WUAs and individual community members to sustain their engagement and effectiveness over the long term. - Detail how the 	

	<p>monitored and how success is evaluated.</p>	<p>building capacity for local adaptation planning and implementation, please address the following clarification requests.</p> <p>CR6: Related to proposed workshops, please explain arrangements for workshops that not only train but also actively involve community members in planning and decision-making processes. In doing so, please explain how the project will ensure representation from all segments of the community, particularly marginalized groups.</p> <p>CR7: Please consider processes for identifying and nurturing local leaders, including women and youth, providing them with advanced leadership and project management skills to lead local adaptation efforts.</p> <p>CR8: Beyond general adaptation planning, please describe arrangements for specialized training in specific areas such as sustainable agriculture, ecosystem management, and</p>	<p>effectiveness of these participatory approaches will be monitored and evaluated throughout the project lifecycle.</p> <p>CR7: Cleared at concept stage (p.25-27) At the FP stage, clarify how the effectiveness of this leadership training be evaluated? What benchmarks will be used to measure success in fostering local adaptation leaders?</p> <p>CR8: Cleared at concept stage (p.21-22) At the FP stage, clarify who will deliver these training sessions? Will there be experts or partnerships with local or international organizations specializing in these fields? How will community feedback be integrated into the design and adaptation of these training modules to ensure they are contextually relevant?</p> <p>CR9: Cleared at concept stage (p.26-27). At the FP stage, outline a</p>	

		<p>disaster risk reduction.</p> <p>CR9: Clarify how the project will strengthen local institutions like Water User Associations, by providing them with the tools, technologies, and the authority needed to manage local adaptation strategies effectively.</p> <p>The proposal includes a sentence recognizing the importance of indigenous knowledge integration but has not explain how it will ensure indigenous and local knowledge integration.</p> <p>CR10: Please explain how the project will systematically integrate local and indigenous knowledge into adaptation strategies through participatory research and documentation.</p> <p>CR11: Please clarify arrangements for cross-community learning platforms. Please consider establishing platforms for communities to share experiences and lessons, not just within the project area</p>	<p>clear plan for technological support (e.g., irrigation management software, water quality testing kits) and ongoing professional development for WUA members could enhance their long-term effectiveness and independence.</p> <p>CRs 10-13, Cleared at concept stage (p.22-27). At the FP stage, For CR10, describe the participatory methods in more detail and outline a plan for continuous involvement of the community in integrating traditional knowledge.</p> <p>In CR11, consider strategies for engaging a broader audience, including those less familiar with digital tools, and detail the feedback integration process.</p> <p>For CR12, provide more details on the content of advocacy training and plans for post-training support.</p> <p>In CR13, explain plans for expanding the capabilities of local committees and detail the support structures that will be put in place.</p>	

		<p>but beyond, promoting a broader exchange of knowledge and strategies.</p> <p>CR12: Please consider activities focused on training community members and leaders in advocacy skills to engage with policymakers, ensuring that local adaptation needs and strategies are reflected in broader environmental and development policies.</p> <p>CR13: Please explain considerations towards formalizing the roles and responsibilities of local committees and leaders within local governance structures to ensure their efforts are recognized and supported legally and administratively.</p> <p>The project plans to facilitate partnerships with NGOs, government agencies, and other stakeholders to provide technical support and ensure that local actions are supported by broader initiatives. However, this idea is not developed, and activities are not clearly</p>		
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		<p>explained.</p> <p>By the fully-developed proposal stage, please clarify which NGOs' expertise and skill will be tapped into through formalized partnerships and explain what specific technical support will be leveraged to ensure that local actions are supported by broader initiatives</p>		
	<p>5. Does the project / programme provide economic, social, and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and</p>	<p>Not cleared.</p> <p>On pages 29-31, the proposal includes a general description of environmental, social, and economic benefits. However, the proposal needs to further strengthen the project in terms of locally-led approaches for monitoring the benefits across the environmental, economic, and social areas, and certain elements could be enhanced or added. Please see below.</p> <p>CR14: Although community involvement is mentioned, the proposal should explain arrangements for the creation of specific local monitoring teams composed of community members that can further empower local actors</p>	<p>CR14: Cleared at concept stage (p.31).</p> <p>At the FP stage, discuss strategies for maintaining the monitoring teams post-project, including potential funding sources, partnerships, and integration into local governance structures.</p> <p>CAR3: Not cleared. An initial gender assessment has not been carried out.</p> <p>The response sheet mentions that a detailed assessment of Gender within the targeted communities have not been done during the conceptual stage and a PFG is requested. While a detailed assessment is not needed at concept stage, an initial</p>	<p>Initial gender assessment conducted and annexed to project CN.</p>

	<p>Gender Policy of the Fund? Does the project/programme address structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups?</p>	<p>to monitor ongoing environmental changes, economic improvements, and social developments directly related to the project.</p> <p>Please ensure by fully-developed proposal stage, to clarify related to implementation of simple, community-friendly technologies that enable real-time data collection and feedback to improve monitoring and ensure immediate responses to any arising issues.</p> <p>There may be a gap in actively using local and indigenous knowledge systems to monitor environmental health. Incorporating such knowledge can provide insights not easily captured by conventional scientific methods.</p> <p>At the fully-developed proposal stage, ensure to clarify considerations to incorporate indigenous/traditional knowledge system to monitor environmental benefits. Furthermore,</p>	<p>gender assessment is needed, and the findings presented in the response sheet could be included in the initial gender assessment.</p>	
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		<p>training programs could be developed to both preserve traditional monitoring methods and integrate them into the broader monitoring strategy.</p> <p>At the fully-developed proposal stage, ensure to expand on the including of decentralized data managements systems (e.g., local data hubs, community access to data etc.)</p> <p>The project might lack a structured approach to integrating community feedback into ongoing project adjustments. Regular community forums or meetings where results are shared and discussed could foster a deeper understanding of the project’s impact and encourage community-led adaptation of strategies.</p> <p>At the fully-developed proposal stage, ensure to clarify arrangements for establishing regular, structured feedback sessions with stakeholders at all levels to enhance responsiveness.</p> <p>Training Community</p>		
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		<p>Members in Evaluation Techniques. At the fully-developed proposal stage, ensure to clarify activities, if any, for community members to benefit from training in basic monitoring and evaluation techniques to enable them to contribute more effectively to the project's evaluation processes.</p> <p>CAR3: Please include an initial gender assessment. This is required at the concept stage.</p> <p>Gender Guidance Document for Implementing Entities on Compliance with the Adaptation Fund Gender Policy (Updated in 2022)</p>		
	<p>6. Is the project / programme cost effective?</p>	<p>Not cleared.</p> <p>The analysis on pages 32-33, rightly places EbA within the socio-economic and environmental context of Bhutan, highlighting its suitability due to the country's dependency on natural resources.</p> <p>Emphasizing the long-term cost savings of using durable,</p>	<p>CR15: Cleared at concept stage (p.31). At the FP stage,</p> <ul style="list-style-type: none"> - Provide comparative data or studies that show the expected lifespan of concrete channels versus HDPE pipelines under similar usage conditions to bolster the argument for durability. 	

		<p>climate-smart irrigation technologies (like HDPE pipelines) over traditional concrete structures presents a strong argument for cost-effectiveness. These technologies reduce maintenance costs and adapt better to climate risks.</p> <p>The integration of watershed management strategies that potentially reduce water treatment costs at user ends is a practical example of how upstream investments in EbA can lead to downstream savings.</p> <p>By linking improved irrigation infrastructure to increased agricultural productivity and public health, the analysis effectively ties economic benefits to environmental interventions.</p> <p>Highlighting the reduction of environmental risks such as soil erosion and forest fires through community-based and ecosystem approaches underscores the preventive cost savings of the project.</p>	<ul style="list-style-type: none"> - If data is available, include specific figures or percentages that showcase the broader economic and environmental benefits, such as reductions in water treatment costs or increases in crop yields due to improved irrigation efficiency. - Where possible, include references to other regions or projects where HDPE pipelines have been used successfully may be used, providing a basis for scalability and replication of the project's approaches. <p>CR16: Cleared at concept stage. (p.32)</p> <p>The response to CR16 outlines the potential for scaling the project's water management interventions to other regions in Bhutan, citing the country's National Adaptation Plan 2023.</p>	

		<p>However, enhancing the analysis with more detailed financial data, broader economic impacts, would provide a stronger, more comprehensive justification for the project's approach.</p> <p>CR15: Please support the analysis, to the extent possible, with more quantitative data to support claims, such as the specific percentage decrease in water treatment costs or the comparison in longevity between HDPE pipelines and concrete irrigation systems (alternative options).</p> <p>To the extent possible, providing cost comparisons between the proposed methods and traditional methods over time would strengthen the argument. This includes initial costs, recurring costs, and potential savings from reduced disaster impacts or enhanced productivity.</p> <p>CR16: Please include a discussion on the potential or pathway for scalability of these interventions in other</p>	<p>At the FP stage,</p> <ul style="list-style-type: none"> - Include a step-by-step plan or framework for scaling the interventions, potentially involving pilot phases, assessment criteria, and stakeholder engagement strategies. - Include a process to leverage specific data or findings from the project's initial phase that demonstrate effectiveness and justify expansion. This could include performance metrics, satisfaction surveys, or economic analyses. 	

		regions or under different conditions to help describe the broader applicability and economic viability beyond the immediate project area.		
	7. Is the project / programme consistent with national, sub-national or local sustainable development strategies, national, sub-national or local development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p>Cleared.</p> <p>The proposal is consistent with the country's 2023 NAP, 13th Five Year Plan, Climate Change Policy of the Kingdom of Bhutan 2020, National Environment Strategy (NES) 2020, Bhutan Water Policy 2007, Water Act 2011, Water Regulation 2014, National Forest Policy of Bhutan 2011, and National Irrigation Policy of Bhutan (revised 2012). p.33-34.</p>	-	

	<p>8. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?</p> <p>Does the project provide support to local actors and build their capacities to comply with the standards?</p>	<p>Not cleared.</p> <p>The proposal document lists a number of national technical standards that the project needs to comply with, however does not outline how the project will do so.</p> <p>CAR4: Please state in detail how the project will ensure compliance with the relevant technical standards, as required by national legislation: i.e., outline the steps taken to comply with the standards and the nature of the authorization/clearance granted for the project to be implemented. If further details will be included at the fully-developed proposal stage following additional consultations, please clarify this in the proposal.</p> <p>CR17: Please clarify support (training/ capacity building, partnerships with CSOs) to local actors to build their capacities to comply with the standards.</p>	<p>CAR4: Cleared at concept stage (p.34-35).</p>	
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	<p>9. Is there duplication of project / programme with other funding sources? Does the project enhance collaboration across sectors and enhance efficiencies and good practice?</p>	<p>No.</p> <p>The proposal has listed projects where collaboration and synergies are anticipated. p.35-36.</p>	-
	<p>10. Does the project / programme have a learning and knowledge management component to capture and feedback lessons, in particular managing traditional and/or indigenous knowledge, where relevant? Does it contribute to building and institutionalizing local</p>	<p>Not cleared.</p> <p>CR18: Please clarify how the project will document and integrate traditional ecological knowledge into the broader EbA strategies, recognizing and validating local practices and adaptations.</p> <p>At the fully-developed proposal stage, ensure to describe arrangements for community-based monitoring systems (e.g., developing and implementing community-led monitoring systems that allow locals to assess the effectiveness of adaptation actions themselves).</p>	<p>CR18: Cleared at concept stage (p.37)</p> <p>At the FP stage,</p> <ul style="list-style-type: none"> - Specify the methods and tools that will be used to document traditional knowledge, such as digital archives, written records, or visual media. - Outline the specific criteria or decision-making frameworks that will be used to determine which traditional practices are suitable for integration into EbA strategies. - Describe any

	capabilities?	<p>At the fully-developed proposal stage, ensure to consider including clear and functional feedback mechanisms that empower communities to report back on issues and success and adjust strategies accordingly.</p> <p>At the fully-developed proposal stage, ensure to include clear knowledge and learning outputs and activities in the project components that address the points raised above.</p>	<p>training programs that will be developed to support community members in monitoring, documenting, and integrating traditional knowledge into adaptation practices.</p>	
	11. Has a consultative process taken place, and has it involved and encouraged all key stakeholders, and vulnerable groups, to meaningfully participate in and lead adaptation decisions? Did the consultative process consider and address gender-	<p>Not cleared.</p> <p>Some initial consultations were carried out with the DA, EEs and some local (Gewog) leaders and communities of four gewogs. p37-41. However, how the outcomes of consultations influenced the design of the proposal is not reflected in the proposal.</p> <p>The consultative process further doesn't seem to be gender responsive (there's no specification of tailored technique/methodology, or particular concerns by</p>	<p>CAR6: Not cleared</p> <p>The response details early engagement with significant stakeholders such as the Ministry of Finance, the Bhutan Trust Fund for Environmental Conservation, and local administrative bodies. While the response mentions that consultations led to the identification of target communities and interventions, it lacks detailed information on how the input from these consultations specifically influenced the design of the proposal. For instance, were</p>	

	<p>based, economic, and other inequalities in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>women, or any other vulnerable group).</p> <p>The proposal has not clarified that comprehensive community level consultations will be undertaken at the fully-developed proposal and/ or on-going consultation during inception phase of the project prior to roll-out of the project activities.</p> <p>CAR6: Please clarify how the outcomes of consultations influenced the design of the proposal and the arrangements for in-depth and inclusive consultations during the fully developed proposal stage. Please consider using project formulation support for the next stage of the proposal development. https://www.adaptation-fund.org/readiness/readiness-grants/project-formulation-grants/ The PFG template is available at the bottom of the page.</p>	<p>there any changes or pivots in project focus based on feedback from stakeholders?</p> <p>CAR 6: Response</p> <p>During the consultation process, strengthening the roles of local level organization such as the Bhutan Ecological Society, and Local governments were also discussed. Bhutan Ecological Society to house the PMU given their experience in grassroots communities engagement and enhance climate adaptation implementation at local level was endorsed as per the LLA principles. The need for gender inclusion and enhancing capabilities of gender was also discussed. In terms of technologies for irrigation, the meeting also discussed and agreed to go for HDPE pipes rather than constructing the concrete channels. For the drinking water, a robust climate resilient and efficient design and infrastructure was also suggested by the community</p>	

			<p>representatives. They also recommended to look for a sustainable drinking water and irrigation source during the initial planning stages. These recommendations and feedbacks from the consultation meeting were incorporated into the final project concept note. The revised final LLA concept considering LLA principles and feedbacks from the consultations were presented to the key stakeholders and finalized for submission.</p>	
	<p>12. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p>Cleared.</p> <p>The funding requested from the Adaptation Fund will cover the full cost of adaptation. P41.</p>	<p>-</p>	
	<p>13. Is the project / program aligned with AF's results framework?</p>	<p>Not cleared.</p> <p>CAR7: Please include alignment with the AF Strategic Results Framework (SRF) outcomes in the description of the components. An alignment table is not a requirement at concept stage, however, please use the following</p>	<p>CAR7: Cleared.</p> <p>The project outcomes 1, 2, and 3 correspond with outcomes 3, 4, and 5 of the SRF.</p>	

		<p>resource to describe alignment with SRF outcomes.</p> <p>https://www.adaptation-fund.org/document/strategic-results-framework-of-the-adaptation-fund-amended-in-march-2019/</p>		
	<p>14. Has the sustainability of the project/programme outcomes been taken into account when designing the project? Does the project/programme support long-term development of local governance processes, and improve the capacity of local institutions to ensure that communities can effectively implement adaptation actions over the long term?</p>	<p>Not cleared.</p> <p>The sustainability of the project's approach is described on pages 42-43.</p> <p>By aligning with the Water Act of Bhutan 2011 and incorporating the formation and strengthening of Water User Associations (WUAs), the project leverages legal frameworks to ensure that these associations are recognized and integrated into local governance structures.</p> <p>The proposal includes a commitment from the Ministry of Energy, Environment and Natural Resources, and the Ministry of Infrastructure and Transport in providing technical support and securing budgets, that reinforces the institutional</p>	<p>Relevant line Ministries and Departments are involved as members of the Task Force in the formulation of the concept and also identified as the Executing Entities.</p> <p>To ensure responsibilities and sustainability, provisions will be included in the Subsidiary Agreement of the project that will be signed between the NIE and the Royal Government. Furthermore, the response sheet mentions that annual budgeting will be secured upon request from local communities through the Ministry of Energy and Natural Resources and the Ministry of Finance in accordance with the national budgeting framework of the country.</p> <p>CRs 19- 23: Cleared at concept stage (p.43-44).</p>	

		<p>capacity to sustain project benefits. Please clarify if there is already an agreement on this or if it will be secured and finalized at a later stage.</p> <p>Integrating infrastructure development and maintenance into central and local government plans ensures continued investment and attention, which is vital for the sustainability of project outcomes. The government's commitment to annually allocate budgets for eco-restoration and sustainable land management activities underlines a sustainable funding strategy.</p> <p>CR19: Please describe considerations for developing microfinancing options for communities to manage small-scale upgrades or repairs independently and feedback mechanisms that allow community members to report issues and suggest improvements, which can be incorporated into ongoing project management.</p> <p>CR20: Please clarify training for community members on</p>	<p>At the FP stage, Related to CR19: Explain how the financial activities of Water User Associations (WUAs) are monitored and audited. Additionally, include information on training and support for WUAs in financial management to ensure they can manage funds effectively and independently.</p> <p>Related CR20 & CR21: Provide specifics on the frequency, duration, and content of the financial and project management training programs to better understand their scope and effectiveness. Clarify the providers of this training and the support mechanisms in place to ensure the sustainability of the skills imparted.</p> <p>Related to CR22: Detail how the insights and expertise from these institutions will be integrated into the project's strategies, enhancing adaptability and effectiveness.</p>	

		<p>financial management related to EbA projects to ensure sustainability and proper allocation of resources.</p> <p>Post-project, the WUAs are tasked with operation and maintenance, with major maintenance supported by local government budgets</p> <p>CR21: Please clarify if the project plans to offer training in financial management to local leaders, WUAs and other local institutions to ensure they can effectively manage and sustain financial resources.</p> <p>The provision of extension and technical support services by local government agencies, such as Divisional Forest Offices and Regional agriculture research and development centers, ensures that local needs and accountability are addressed. However, the proposal has not included information on research and development centers and the local NGOs that will be involved.</p> <p>CR22: Please include</p>	<p>Related to CR23: Specify quantitative targets or expected outcomes for training modules in sustainable water management to clearly communicate the anticipated impacts. Explain how community feedback will be integrated into water management practices to ensure the project adapts to local needs and enhances its responsiveness.</p>	

		<p>information on the research and development centers and which activities they are expected to support.</p> <p>CR23: Please explain the strategies in place for promoting sustainable water management practices. How would farmers be trained to use water sustainably, optimize irrigation systems, and minimize water wastage?</p>		
	<p>15. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Not cleared.</p> <p>CAR8: Please include a provisional risk categorization (A, B or C).</p> <p>CAR9: Please revise the risk finding for “compliance with law”. Please mention that monitoring measures will be in place.</p> <p>CAR10: The proposal includes partially unidentified subprojects as the exact EbA interventions are not known. Please state in a short description that the project includes USPs and include a brief overview of the plan to ensure management of USPs.</p>	<p>CAR8: Cleared (p.45). The project is Category B.</p> <p>CAR9: Cleared (p.45).</p> <p>CAR10: Cleared (p.45-46)</p>	

		<p>Guidance document for Environment and Social Policy (English, French and Spanish)</p> <p>Guidance Document for Project/Programme with Unidentified Sub-Projects (English, French and Spanish)</p>		
Resource Availability	1. Is the requested project / programme funding available to the country?	Yes.	-	
	2. Is the Implementing Entity Management Fee at or below 8.5% per cent of the total project/programme budget before the fee?	<p>Not cleared.</p> <p>IE fees are over the cap of 8.5%. IE and EE fees calculator: https://www.adaptation-fund.org/document/ie-and-ee-fees-calculator/</p>	Cleared.	
	3. Are the Project/Programme Execution Costs at or below 9.5% per cent of the total project/programme budget (including the	<p>Not cleared.</p> <p>EE fees are over the cap of 9.5%. IE and EE fees calculator: https://www.adaptation-fund.org/document/ie-and-ee-fees-calculator/</p>	Cleared.	

	fee)?			
Eligibility of IE	1. Is the project/program me submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes, BFTEC is an accredited IE of the Fund.		



ADAPTATION FUND

**REQUEST FOR PROJECT/PROGRAMME FUNDING
FROM THE ADAPTATION FUND**

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to the email: submissions@adaptation-fund.org



ADAPTATION FUND

LOCALLY-LED ADAPTATION PROJECT/PROGRAMME PROPOSAL FOR SINGLE COUNTRY

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District, Bhutan.

Country: Bhutan

Thematic Focal Area: Water Management

Type of Implementing Entity: National Implementing Entity.

Implementing Entity:

Bhutan Trust Fund for Environmental Conservation (BT FEC)

Executing Entities:

- Department of Water (DoW), Ministry of Energy and Natural Resources
- Department of Forests and Park Services (DoFPS), Ministry of Energy and Natural Resources
- Department of Agriculture (DoA), Ministry of Agriculture and Livestock
- Department of Infrastructure Development (DoID), Ministry of Infrastructure and Transport
- Department of Local Government and Disaster Management (DLGDM)
- Thimphu Dzongkhag Administration
- Bhutan Ecological Society (BES)

Amount of Financing Requested: US\$ 5,000,000 / (in U.S Dollars Equivalent)

Letter of Endorsement (LOE) signed: Yes

NOTE: The LOE should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: <https://www.adaptation-fund.org/apply-funding/designated-authorities>

Stage of Submission:

- This proposal has been submitted before including at a different stage (pre-concept, **concept**, fully- developed proposal)
- This is the first submission ever of the proposal at any stage

In case of a resubmission, please indicate the last submission date: **18 January 2024**.

Please note that fully-developed proposal documents should not exceed 100 pages for the main document, and 100 pages for the annexes.

Project / Programme Background and Context:

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

The proposed project, **Securing Water & Enhancing Climate Resilience in Thimphu District, Bhutan**, aims to address several interrelated challenges faced by communities in Thimphu District, Bhutan. The Thimphu District's economic, social, and environmental context poses significant risks to water security and overall climate resilience, impacting the livelihoods and well-being of communities in Thimphu.

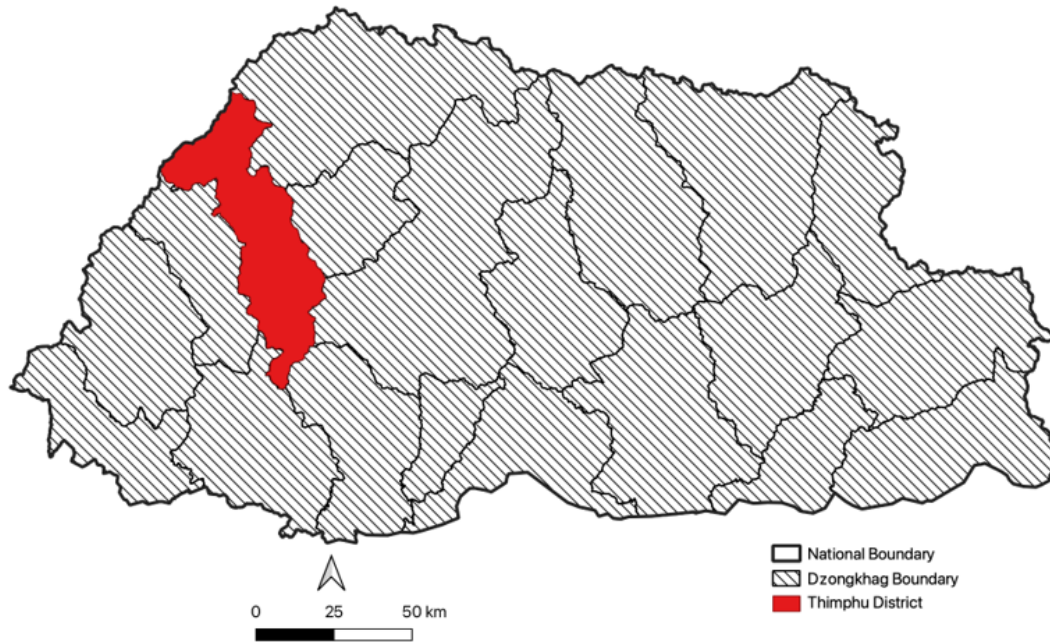


Figure 1. Location of proposed project in the Thimphu District, Bhutan (Data Source: National Land Commission Secretariat, 2023).

Bhutan: Climate Change Challenges, Actions & Strategies

Bhutan, a least developed nation known for its commitment to environmental conservation and carbon neutrality faces significant vulnerability to the adverse impacts of climate change. As a landlocked and least developed country (LDC) characterized by a delicate mountainous environment, the nation's susceptibility is further compounded by its heavy reliance on predominantly subsistence agriculture and the pivotal role of hydropower in driving economic growth. The country is confronted with escalating climate hazards and extreme events, including flash floods, glacial lake outburst floods, windstorms, forest fires, and landslides. Increasingly, Bhutan faces challenges in maintaining pristine catchment areas, water availability and climate resilience in peri-urban regions. These areas are particularly vulnerable due to increasing urbanization, deforestation, and changing weather patterns. The combination of these factors results in reduced water availability, higher forest fire risks, and limited access to clean water for domestic and agricultural use¹.

Despite these challenges, Bhutan is committed to achieving its development goals while upholding the principles of Gross National Happiness and ecological balance. Realizing that climate change is one of the biggest impediments to sustainable development and livelihood of the people, Bhutan has committed to taking

¹ Climate Change Policy of the Kingdom of Bhutan, 2020. National Environment Commission. Royal Government of Bhutan.

all measures to address the impacts of climate change. In 2009, at the UNFCCC COP15, Bhutan declared its intention to remain carbon neutral, and reaffirmed its commitment in 2015 through its first Nationally Determined Contribution (NDC). Our constitutional mandate to maintain a minimum of 60% of the land area under forest cover for all times also has a global benefit for carbon sequestration. To maintain its carbon-neutral status, Bhutan recognizes the necessity of mitigating emissions arising from economic expansion by pursuing low-emission development pathways across all sectors². Further, Bhutan adopted a policy decision to pursue green growth through the Economic Development Policy of 2016.

In this context, Bhutan developed its Climate Change Policy in 2020 to provide strategic guidance to ensure that Bhutan remains carbon neutral and protects the well-being of the Bhutanese by adapting to climate change in an efficient and effective manner. The Climate Change Policy reaffirms Bhutan's unwavering commitment to remain carbon neutral, as pledged during the COP15 summit, and reiterated in its NDC under the Paris Agreement. This policy is designed to offer a clear roadmap for achieving a climate-resilient and carbon-neutral economy that contributes to the nation's overarching goal of promoting Gross National Happiness. Furthermore, the policy seeks to tackle challenges and leverage opportunities, including securing international support in the form of financial aid, technology transfer, capacity building, research, and awareness initiatives on climate change at both the national and international levels. By fostering collaboration, inclusivity, and innovative approaches, the policy endeavors to safeguard Bhutan's distinct environmental heritage while actively contributing to global endeavors in combating climate change. This inclusive approach entails the active participation of public-private sectors to collectively address for a more climate resilient future.³

To further balance conservation with development, and enhance implementation and operationalization of the existing legislation in all spheres of government, down to the local level, Bhutan developed the National Environment Strategy (NES) 2020-2030. The primary objective of the National Environment Strategy is to establish a thriving and sustainable environment that caters to the well-being of current and future generations, aligning with the pursuit of Gross National Happiness. Notably, the strategy is committed to maintaining carbon neutrality, advocating for environmentally friendly and climate-resilient roads and infrastructure. Furthermore, it aims to foster sustainable and climate-resilient agricultural practices.⁴

In 2023, Bhutan launched its National Adaptation Plan (NAP), which serves as a guiding framework for climate change adaptation planning at the national level. The NAP sets clear priorities, primarily aimed at reducing exposure and vulnerability to climate-related hazards, while simultaneously enhancing adaptive capacity. Additionally, the plan is aimed at enhancing implementation through integration into development plans at all levels. The NAP is also intended to convey the priorities and needs for adaptation in Bhutan internationally.⁵

These foundational policies and strategic documents for climate change action in the country outline the necessary conditions for effectively implementing prioritized adaptation measures.

Socio-economic Scenario: Challenges, Progress and Future Perspectives

Socio-economic Context of Bhutan

Bhutan's economy, one of the smallest in the world, was badly affected by the COVID-19 pandemic. The GDP dropped to BTN 171,572.90 billion (USD 2,344.05 million) in 2020 from 178.56 billion, from 2019, which is

² Intended Nationally Determined Contribution of the Kingdom of Bhutan, 2015. National Environment Commission. Royal Government of Bhutan, Thimphu.

³ Climate Change Policy of the Kingdom of Bhutan, 2020. National Environment Commission. Royal Government of Bhutan.

⁴ National Environment Strategy, 2020. National Environment Commission Secretariat. Royal Government of Bhutan.

⁵ National Adaptation Plan (NAP) for the Kingdom of Bhutan 2023. Department of Environment and Climate Change, Royal Government of Bhutan, Thimphu.

a contraction of BTN 6.99 billion. The GDP recorded a negative growth of 10.08% in 2020 compared to growth of 5.75% in 2019.⁶ The latest figures show that the key contributing economic sectors to the GDP are: i) the primary sector (agriculture, livestock and forestry (14.67% of GDP), ii) secondary sector (industry), 31.82%, and iii) tertiary sector (services), 53.50%.⁷

The renewable natural resources sector remains the most important economic sector for employment, with 49.90% of the total employed persons engaged in the agriculture sector, followed by the service sector that employs 36.60% of the total employed persons. Tourism is a key component of the service sector which makes a significant contribution to the country's economy particularly in terms of foreign exchange and employment. The colossal economic shock due to the COVID-19 pandemic has impacted the performance of all sectors but has had particularly devastating impact on tourism and related sectors⁸.

Bhutan's estimated population in 2023 reached around 787,424 (401,092 males and 369,184 females), with ~20% of the population residing in the capital Thimphu. The working-age population of Bhutan is estimated at 496,600, with an employment rate of 96.6%. Of the total employed (~300,400), 71.2% (~214,200) are in rural areas and 28.7% (~86,200) in urban areas. Population projections show that Bhutan will grow to about 883,900 people by 2047, indicating an annual growth rate of less than 0.3%. The current proportion of the population living in rural areas (59%) is expected to decrease to 43% by 2047, with 30% of the total population expected to be residing in Thimphu⁹.

Utilizing a poverty line at BTN 2,195.95 (USD 33.82) per person per month (approximately a dollar a day), an estimated 8.2% of the population is found to be poor, an impressive reduction over the last twenty years from 32%. Poverty in rural areas (11.9%) is significantly higher than in urban areas (0.8%). The highest poverty rates are observed in five districts namely Dagana, Zhemgang, Mongar, Trongsa, and Pema Gatshel. While the Gini index, which measures inequality, has remained constant at the national level (0.36 in 2012 and 0.38 in 2017), a marked disparity in aggregate simple literacy can be observed between the poor and non-poor, especially those living in urban areas¹⁰. While the contributing factors for poverty are diverse and multi-sectoral, few prominent attributes identified in the Bhutan Poverty Analysis 2017 are: access to market, connection to road networks, topography of the farmland, access to irrigation and drinking water. Areas with high incidences of poverty tend to have low access to markets and poor connection to road networks, slope to steep topography of farmland leading to low productivity, low number of productive livestock, large incidence of human-wildlife conflict, low access to irrigation water, and drinking water.

The proposed project thus includes the most vulnerable communities, targeting the poorer and more economically and environmentally vulnerable communities of Thimphu district for all interventions. This adaptation project aims to enhance access to irrigation and drinking water in rural and local communities of Thimphu district to increase economic resilience and adapt to climate change.

Bhutan is blessed with an exceptional natural environment, earning it the title of the 'crown jewel' of the Eastern Himalayas, a region recognized as a global biodiversity hotspot¹¹. The country boasts an impressive 69.71% forest cover¹² and 51.44% of its land designated as protected areas¹³, which has played a crucial role in

⁶ National Accounts Statistics 2021. National Statistics Bureau, Royal Government of Bhutan.

⁷ National Accounts Statistics 2023, National Statistics Bureau, Royal Government of Bhutan.

⁸ Annual Report 2020-21, Tourism Council of Bhutan, Royal Government of Bhutan.

⁹ Population Projections Bhutan 2017-2047, National Statistics Bureau, Royal Government of Bhutan

¹⁰ Poverty Analysis Report 2017, National Statistics Bureau, Royal Government of Bhutan

¹¹ Jewel of the Eastern Himalayas. WWF Bhutan 2010.

¹² National Forest Inventory Volume I: State of the Forest Report, Department of Forests and Park Services, Royal Government of Bhutan.

¹³ Annual Forestry Statistics, 2022. Department of Forest and Park Services, Royal Government of Bhutan.

preserving its rich biodiversity and ensuring ample water resources.

Thanks to its extensive forest cover, limited polluted industrial activities, and a significant reliance on hydropower for electricity generation, Bhutan stands out as possibly the only nation in the world with negative carbon emissions^{14,15}. However, despite this positive environmental record, Bhutan is not immune to the impacts of global warming and climate change, and these challenges still affect the country's ecosystems and mostly our local communities.

Bhutan is renowned for its abundant water resources in the region, boasting one of the highest reported water availability per capita¹⁶. Despite this, the country still grapples with water accessibility issues that persist throughout the nation. This situation arises from a combination of factors, primarily driven by the impacts of climate change, leading to the drying up of water sources. The most imminent threat that Bhutan faces due to the impact of climate change is the risks from the Glacial Lake Outburst Floods (GLOFS). Bhutan had experienced a total of 21 GLOFs in the past. GLOFs cause cascading effects downstream, destroying water-related infrastructure, loss of properties, and livelihoods downstream. Bhutanese glaciers are also retreating at a faster rate due to the impacts of climate change. A total of 567 glacial lakes covering a total area of $55.04 \pm 0.055 \text{ km}^2$ or 0.14% of the total land area, has been mapped by the National Center for Hydrology and Meteorology.¹⁷ Furthermore, inadequate infrastructure development and maintenance, along with governance-related challenges, contribute to the paradox of high-water availability but limited accessibility in the country.

Development Context

Bhutan's commitment to sustainable development and environmental conservation is embodied in its Gross National Happiness (GNH) philosophy. GNH values collective happiness as the goal of governance, by emphasizing harmony with nature and traditional values as expressed in the and 4 pillars (sustainable and equitable socio-economic development; environmental conservation; preservation and promotion of culture; and good governance) and 9 domains (psychological well-being, health, time use, education, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience, and living standard)¹⁸. However, due to rapid urbanization, infrastructure development and increased climate-related risks have emerged. Unplanned urban growth, deforestation, and inadequate water management exacerbate the vulnerability of peri-urban areas to environmental degradation and climate change impacts.

Socio-economic Context of Thimphu District

Thimphu district has one of the lowest poverty rates of 1.5 % compared to all other districts¹⁹. The poverty rate however has increased by 0.4% in 2022, compared to the poverty rate of 1.1% in 2017²⁰. This indicates that while urban poverty is an emerging social issue, poverty is relatively a rural phenomenon. Thimphu district serves as the economic hub of Bhutan, attracting urbanization and industrialization. The rapid urbanization of the city has had a ripple effect on and aided in the economic growth of the rest of the district. At the same time, several negative impacts such as unemployment, crime, air pollution, cultural deterioration, housing and water shortages, congestion and increasing waste problems especially in the city keep swelling in the district²¹. The increasing population and economic activities have led to higher water demand for both domestic and industrial

¹⁴ Bhutan the First Carbon negative Country in the world August 18,2022. Retrieved on 10th January 2023 from <https://earth.org/bhutan-carbon-negative-country/>

¹⁵ Third National Communication to the UNFCCC 2020. Kingdom of Bhutan. National Environment Commission.

¹⁶ National Environment Commission. *Bhutan State of the Environment Report 2016*; National Environment Commission: Thimphu, Bhutan, 2016.

¹⁷ Bhutan Glacial Lake Inventory 2021: National Center for Hydrology and Meteorology, Royal Government of Bhutan.

¹⁸ www.grossnationalhappiness.com/.

¹⁹ National Statistics Bureau of Bhutan (2022). Bhutan Poverty Analysis Report. National Statistics Bureau of Bhutan. Royal Government of Bhutan.

²⁰ National Statistics Bureau of Bhutan (2017). Bhutan Poverty Analysis Report. National Statistics Bureau of Bhutan. Royal Government of Bhutan.

²¹ 12th Five Year Plan for Thimphu District (2018-2023). Gross National Happiness Commission.

needs. Further, unsustainable land use practices, deforestation, and urban expansion have contributed to the degradation of catchment areas, leading to reduced water availability for agricultural and domestic use²². Water scarcity affects agricultural productivity and poses challenges for small-scale farmers who heavily rely on irrigation for their livelihoods.

Thimphu District experiences rapid population growth, as rural communities migrate to urban and peri-urban areas seeking better economic opportunities. The Dzongkhag has the highest unemployment rate in the country with 6.0% against the national average of 2.4%²³. The high rate of unemployment is attributed to high level of rural-urban migration to Thimphu mostly youth; the Dzongkhag has the highest proportion of population who were migrants with 84.92²⁴.

This demographic shift puts pressure on existing water resources and infrastructure, leading to competition for water among various user groups.²⁵ Furthermore, the availability of clean drinking water is not evenly distributed, leading to disparities in access, particularly for marginalized communities. Women, who often bear the responsibility of water collection, face increased burdens and time constraints in securing water for their families.

Climate Trends and Climate Change Threats

Climate - Historical Trends

Bhutan's climate is diverse, owing to the dramatic variations in elevation and topography. In general, temperature increases have been experienced in Bhutan, with minimum temperatures increasing at a faster rate than maximum temperatures. An analysis of trends in climate parameters using CRU data for the country from 1976 to 2005 showed an increasing trend in temperature. The mean annual temperature has increased by 0.8 degrees Celsius for the 1976 to 2005 period²⁶. Temperatures are higher during summer and lower over winter months. As shown in Figure 2, there is a significant seasonal range in temperatures: the summer months of June–August averaging temperatures of 24 C–29 C, compared to the winter months of December–February which are near 0°C, for the most recent climatology, 1991–2020. Average monthly rainfall follows a similar pattern, in which considerably more rainfall occurs during the summer months (approximately 240 millimeters [mm]) than during the winter months (approximately 90 mm). Southern parts of the country with lower elevation tend to have higher temperatures and greater precipitation, while northern regions are often cooler with less precipitation.²⁷

²² Giri, N., & Singh, O. P. (2013). Urban growth and water quality in Thimphu, Bhutan. *Journal of Urban and Environmental Engineering*, 7(1), 82-95.

²³ Population and Housing Census Report of Bhutan 2017. Thimphu Dzongkha. National Statistical Bureau, 2018. Royal Government of Bhutan.

²⁴ Center for Bhutan Studies and GNH Research 2015. A Compass Towards a Just and Harmonious Society :2015 GNH Survey Report. Center for Bhutan Studies and GNH Research.

²⁵ Giri, N., & Singh, O. P. (2013). Urban growth and water quality in Thimphu, Bhutan. *Journal of Urban and Environmental Engineering*, 7(1), 82-95.

²⁶ NCHM (2019). Analysis of Historical Climate and Climate Projection for Bhutan. National Center for Hydrology and Meteorology Royal Government of Bhutan, Thimphu.

²⁷ Climate Risk Country Profile: Bhutan (2021): The World Bank Group and the Asian Development Bank.

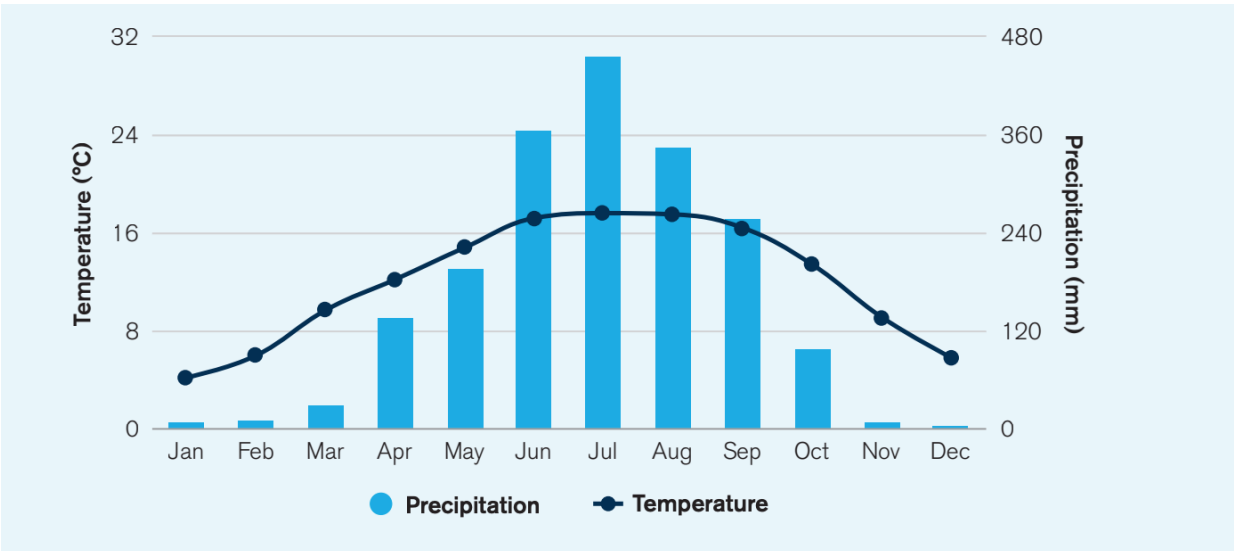


Figure 2. Average monthly temperature and rainfall in Bhutan (1991-2020).²⁸

The southwest monsoon over the Indian sub-continent produces a seasonal precipitation cycle in Bhutan, with rainy summer seasons over most of the country from June to September. However, Bhutan experiences a high degree of rainfall variability and distribution spatially.²⁹ The analysis of historical data revealed a decreasing trend in rainfall at mean annual scales with high variability. Seasonal rainfall trends reveal a wet summer monsoon (JJAS) and dry winter season (DJF)³⁰.

Climate of Thimphu

Thimphu has a temperate climate with winter temperatures ranging from -2.6 C to 12.3 C and summer temperatures range from 21.6 C to 32 C. The annual rainfall of Thimphu varies between 500 mm and 1000 mm.³¹ Historical climate of Thimphu also follows the general trend observed for Bhutan as a whole. The mean summer temperatures are higher and winter temperatures are lower (Figure 3).

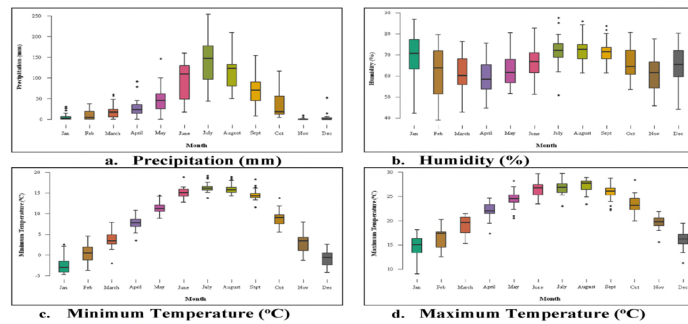


Figure 3. Mean of monthly climatic parameters of Thimphu (Simtokha Climate Station data 1995-2020)³²

²⁸ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Historical.

URL: <https://climateknowledgeportal.worldbank.org/country/bhutan/climate-data-historical>

²⁹ Stewart, S.B., Choden, K., Fedrigo, M., Roxburgh, S.H., Keenan, R.J. and Nitschke, C.R. (2017). The role of topography and the north Indian monsoon mean monthly climate interpolation within the Himalayan Kingdom of Bhutan. *International Journal of Climatology*, 37, pp. 897–909. URL: <https://rmets.onlinelibrary.wiley.com/doi/full/10.1002/joc.5045>

³⁰ NCHM (2019). Analysis of Historical Climate and Climate Projection for Bhutan. National Center for Hydrology and Meteorology, Royal Government of Bhutan, Thimphu

³¹ Walcot, S. (2009) "City Profile: Thimphu". *Cities* 26:158-170

³² Pandey et. al; (2023). Attributable factors for climate change adaptation among urban informal settlers of a least developed country, Bhutan, *Habitat International*, Volume 136, 2023 <https://doi.org/10.1016/j.habitatint.2023.102817>

Future Climate

Mountainous countries such as Bhutan are among the most vulnerable countries to the adverse impacts of climate change. Under the RCP 4.5 scenario, the climate projection for surface temperature indicates an increase of about 0.8 C – 1.6 C during 2021-2050 (representing the 2030s mid-term climate change scenario) and about 1.6 C – 2 C towards the end of the century (2070-2099).³³ Projections of temperature rise in Bhutan are slightly greater than the global average: 3.9 C compared to 3.7 C by the 2090s under the highest emissions pathway, RCP 8.5.³⁴

Scenario	Average Daily Maximum Temperature		Average Daily Temperature		Average Daily Minimum Temperature	
	2040–2059	2080–2099	2040–2059	2080–2099	2040–2059	2080–2099
RCP2.6	1.3 (-0.6, 3.5)	1.3 (-0.6, 3.4)	1.3 (-0.1, 2.8)	1.2 (0.0, 2.9)	1.2 (-0.3, 3.2)	1.3 (-0.4, 3.2)
RCP4.5	1.7 (-0.3, 3.7)	2.5 (0.3, 4.8)	1.6 (0.2, 3.0)	2.4 (0.8, 4.0)	1.7 (0.0, 3.6)	2.3 (0.8, 4.5)
RCP6.0	1.5 (-0.6, 3.6)	2.8 (0.6, 5.2)	1.5 (0.1, 3.0)	2.8 (1.3, 4.5)	1.6 (-0.2, 3.4)	2.9 (1.2, 5.0)
RCP8.5	2.3 (0.2, 4.2)	4.7 (2.4, 7.0)	2.2 (0.8, 3.6)	4.5 (2.8, 6.5)	2.2 (0.7, 4.0)	4.6 (2.8, 7.1)

Table 1 Projected anomaly (changes °C) for maximum, minimum, and average daily temperatures in Bhutan for 2040–2059 and 2080–2099, from the reference period of 1986–2005 for all RCPs. The table shows the median of the CCKP model ensemble and the 10–90th percentiles in brackets.

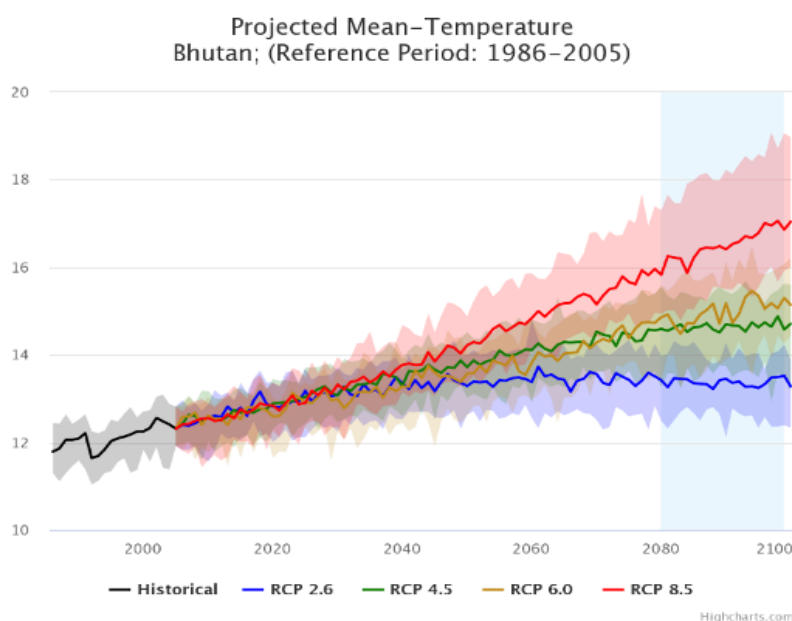


Figure 4. Historic and projected average annual temperature in Bhutan under various RCPs estimated by the model ensemble. Shading represents the standard deviation of the model ensemble.³⁵

³³ The World Bank Group and the Asian Development Bank (2021). Climate Risk Country Profile-Bhutan

³⁴ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Historical. URL

<https://climateknowledgeportal.worldbank.org/country/bhutan/climate-data-historical>

³⁵ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Projections. URL:

<https://climateknowledgeportal.worldbank.org/country/bhutan/climate-data-projection>

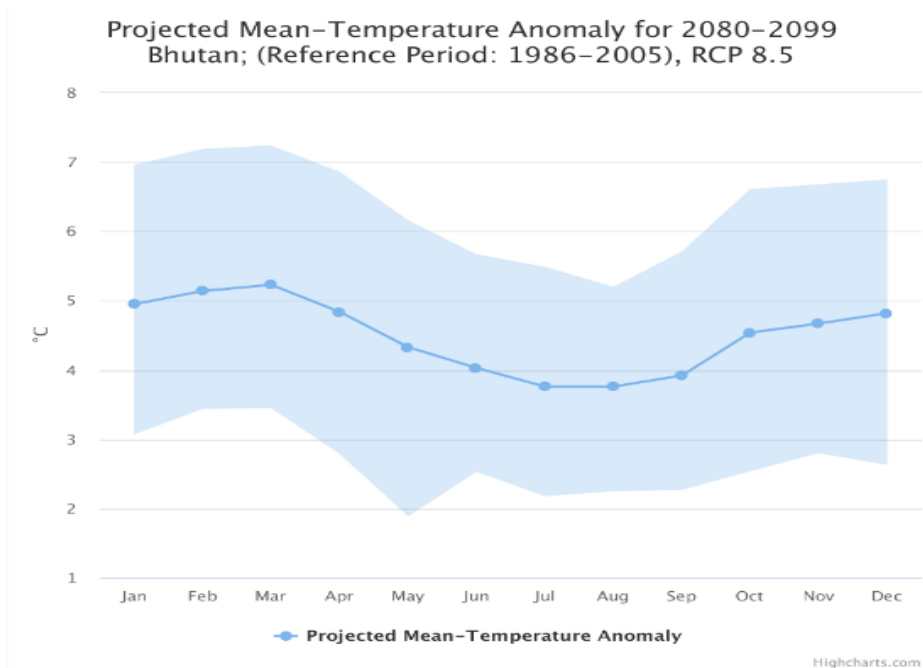


Figure 5. Projected change (anomaly) in monthly temperature, shown by month, for Bhutan for the period 2080–2099 under RCP 8.5. The value shown represents the median of the model ensemble with the shaded areas showing the 10th–90th percentiles.³⁶

Projected precipitation trends, although less certain, show a likely increase in precipitation for the country, with eastern areas experiencing higher amounts of rainfall. However, it is anticipated that Bhutan will experience an increase in intensity for extreme rainfall events.³⁷ Spatial representation of future projections of annual temperature and precipitation for mid and late century under RCP 8.5 are presented in the figures below. Under all emissions pathways, an increase in the precipitation associated with a maximum 5-day rainfall event is expected across Bhutan, with heaviest rainfall occurring in the southeastern areas of the country.

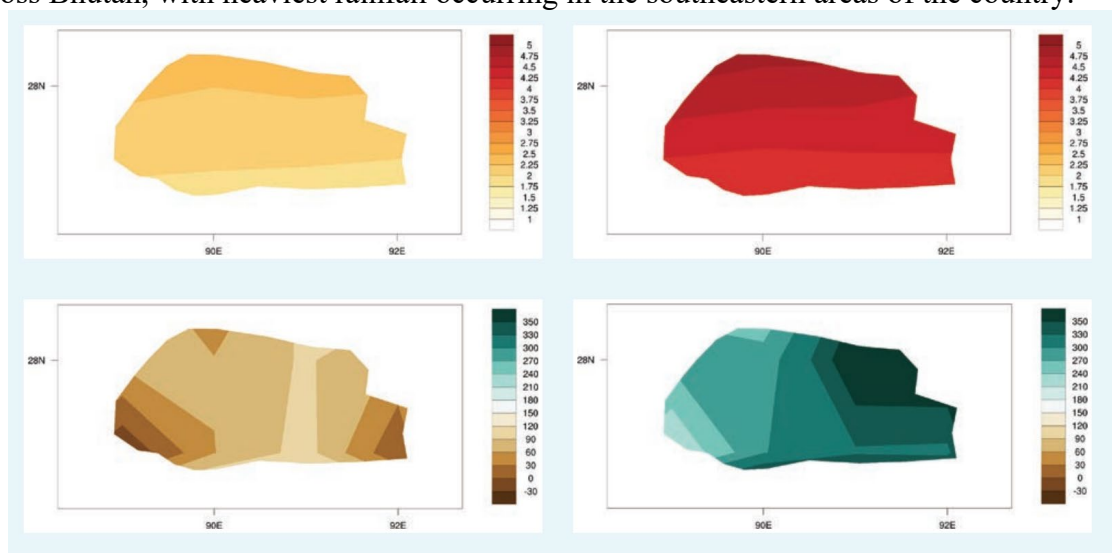


Figure 6. CMIP5 ensemble projected change (32 GCMs) in annual temperature (top) and precipitation (bottom) by 2040–2059 (left) and by 2080–2090 (right) relative to 1986–2005 baseline under

³⁶ *Ibid*

³⁷ Climate Risk Country Profile: Bhutan (2021): The World Bank Group and the Asian Development Bank.

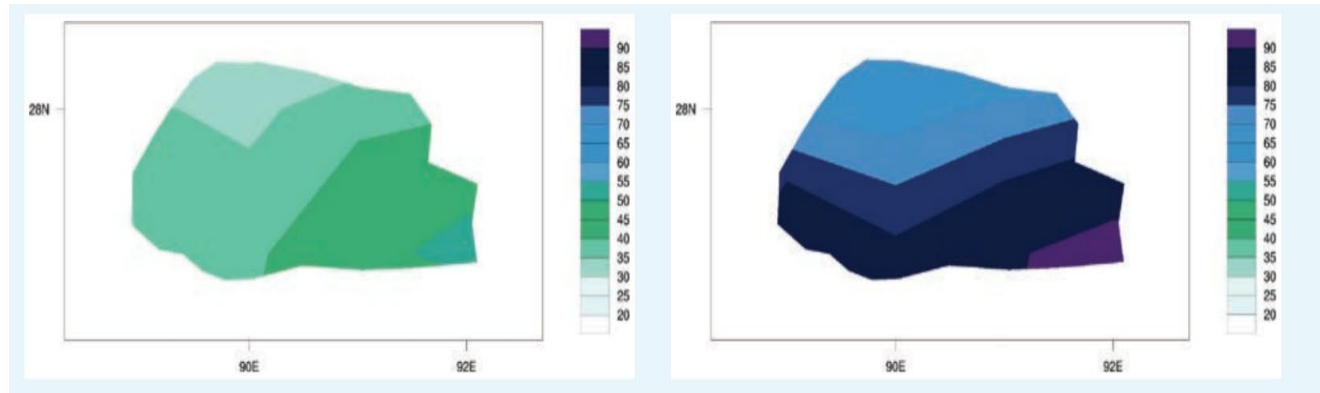


Figure 7. Projected change in the maximum 5-day rainfall (mm) over Bhutan for the period 2040–2059 (left) and for the period 2080–2099 (right) for emissions pathways RCP 8.5 compared to the 1986–2005 baseline.

All these climatic changes are expected to have devastating effects on agriculture, Bhutan having already experienced the effects of climate change on agriculture multiple times. In 1996, rice farmers in high-altitude areas were devastated with 80–90% crop loss to blast disease. Turcicum leaf blight of maize in 2007 damaged more than 50% of the farmers' harvest. Also, in 2008, a severe windstorm destroyed all maize crops belonging to hundreds of households.³⁹

Due to large topographical differences accompanied by huge altitudinal variation, erratic climatic natural hazards—such as glacier lake outburst floods (GLOF), flash floods, erosions, and landslides—are predicted to intensify in the future.⁴⁰ Thimphu, the most populated capital city, is expected to experience more frequent and intense forest fires, posing risks to water catchment areas and disrupting the delicate ecological balance as a result of impacts of climate change⁴¹. Climate change-induced shifts in precipitation patterns may further exacerbate water scarcity in Thimphu, impacting households, agriculture and ecosystems. Thus, Thimphu district, one of the most populated districts, will be increasingly vulnerable to the impacts of climate change.

Natural Hazards Related to Climate Change

Bhutan is vulnerable to a range of natural disasters, including floods, earthquakes and landslides. Bhutan faces risks from natural disasters but relatively less than other countries, ranking joint 115th out of 191 countries in the INFORM 2019 Risk Index⁴². The most significant natural hazard is exposure to earthquakes, due to location along the Himalayan Mountain belt. Amongst the climate-related hazards, flooding is the country's most significant hazard, ranking 76th globally. The risks associated with other climate-related natural hazards such as drought and tropical cyclones, are extremely low, both scoring 0 on the INFORM 2019 Index.⁴³

Flooding and GLOFs

Climate change-induced erratic rainfall patterns with the heavy showers during monsoon, and rapid retreating of glaciers, have increased the probability of flash floods and GLOF in the river catchments areas. Examples of such disasters are, GLOF in Punakha (1994), and floods in Gelephu because of the rise in Mao Chhu with heavy rainfall. Bhutan has faced over 21 GLOFs and frequent occurrences of floods and landslides every year. These

³⁸ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Projections. URL: <https://climateknowledgeportal.worldbank.org/country/bhutan/climate-data-projection>

³⁹ Chhogyel, N., Kumar, L. Climate change and potential impacts on agriculture in Bhutan: a discussion of pertinent issues. *Agric & Food Secur* 7, 79 (2018). <https://doi.org/10.1186/s40066-018-0229-6>

⁴⁰ Shrestha et al (2010) Climate Change in the Eastern Himalayas: Observed Trends and Model Projections; ICIMOD: Kathmandu, Nepal; p. 20.

⁴¹ UNDP (2021). Assessment of climate risks on forests and biodiversity for National Adaptation Plan (NAP) formulation process in Bhutan. UNDP, Thimphu, Bhutan.

⁴² European Commission (2019). INFORM Index for Risk Management. Bhutan Country Profile. URL: <https://drmkc.jrc.ec.europa.eu/inform-index/Countries/Country-Profile-Map>

⁴³ *Ibid*

disasters have damaged agricultural land, public properties, institutions and took many lives. The risk of GLOF is pronounced in northern parts of Bhutan, which possesses 667 glaciers that feed into 2,6774 glacial lakes, out of which, 25 are at risk of bursting. The impact of flooding on human health and livelihoods is expected to grow and could be 4% of GDP by the 2030s.⁴⁴

A recent climate risk assessment on water resources in Bhutan also identified Thimphu district as a hotspot susceptible to water-related hazards such as flash floods, landslides, rainstorms, hailstorms, soil erosion, and river flooding.⁴⁵ Higher temperatures are projected to also contribute to increased snowmelt which could change patterns of river discharge and water availability. Impacts on infrastructure could grow significantly in the second half of the 21st century.⁴⁶

Droughts

In addition to flooding, climate models project a significant increase in the likelihood of heatwaves and droughts, impacting the communities in Bhutan's inner dry valleys. The dry spell classification of the country identified Thimphu as one of the drought prone areas due to its relatively drier climate. By the 2090s, the current median probability of heatwave of 2% is projected to increase to approximately 20% under RCP 4.5 and RCP 6.0, and as high as 36% under RCP 8.5 under the Coupled Model Inter-comparison Project Phase 5 (CMIP5) projections.⁴⁷

Fires

Forest fires are considered one of the biggest threats to forest resources in Bhutan.⁴⁸ Blue pine ecosystems are of high concern because of their importance for rural livelihoods and relatively high occurrence of forest fires. Blue pine forests are the most dominant forest type in Thimphu district. Blue pine are species native to the Himalayas and are prone to fire incidents. Younger trees, with their thin bark and high flammability, are particularly susceptible to wildfire-induced mortality.⁴⁹ Blue pine is considered an early successional species and tends to grow in proximity to human settlements, often on abandoned farmland. Due to their close association with settlements, these blue pine forests are subject to considerable human impact, including demands for forest ecosystem services like timber, firewood, and livestock forage. Additionally, they face an elevated risk of wildfires caused by human activities,^{50,51,52} and further aggravated by climate change.

A study by Villarel et al, 2020 showed that blue pine ecosystems in Thimphu are more susceptible to wildfires compared to other areas. The study also predicted that under extreme weather conditions, fire hazards in northern and southern Thimphu would experience a two-fold increase. Thimphu showed a higher potential for more intense and severe wildfires under all future climate scenarios.⁵³

A report by UNDP (2021) highlighted that under extreme climatic changes, Thimphu would experience increased fire hazards. Forest fires in Bhutan continue to take a substantial toll on wildlife and biodiversity with

⁴⁴ National Centre for Hydrology and Meteorology (n.d.). Compendium of climate and hydrological extremes in Bhutan since 1968 from Kuensel.

⁴⁵ Department of Water, 2023. Assessment of Climate Risks on Water Resources for National Adaptation Plan (NAP) for Bhutan. October 2023. Department of Water, Royal Government of Bhutan

⁴⁶ *Ibid*

⁴⁷ The World Bank Group and the Asian Development Bank (2021). Climate Risk Country Profile-Bhutan

⁴⁸ Chhetri, D. 1994. Seasonality of forest fires in Bhutan. *International Forest Fire News*, 10, 5-9.

⁴⁹ *Ibid*

⁵⁰ Dukpa, D., Cook, E.R., Krusic, P.J., Rai, P., Darabant, A., Tshering, U., 2018. Applied dendroecology informs the sustainable management of Blue Pine forests in Bhutan. *Dendrochronologia* 49, 89–93. <https://doi.org/10.1016/j.dendro.2018.03.003>

⁵¹ Gyeltshen, C., Gratzner, G., Meigs, G., & Keeton, W. (2016). *Fire risks in blue pine forests of Bhutan* (Doctoral dissertation, Master thesis, University of Natural Resources and Life Sciences (Boku), Vienna, Austria)

⁵² Tenzin, K. (2001). The Management of Blue Pine (*Pinus wallachiana*) in Secondary Forest in Bhutan (Doctoral dissertation, University of Edinburgh).

⁵³ Vilà-Villardell, L. et al. 2020. Climate change effects on wildfire hazards in the wildland-urban-interface– Blue pine forests of Bhutan. *Forest Ecology and Management*, 461, 117927.

annual fire incidences averaging about 57 events and scarring an average of about 200 ha annually.⁵⁴ The districts experiencing the highest incidence of fires include Thimphu, Wangdue Phodrang, Punakha, Mongar, Lhuentse, and Trashigang.

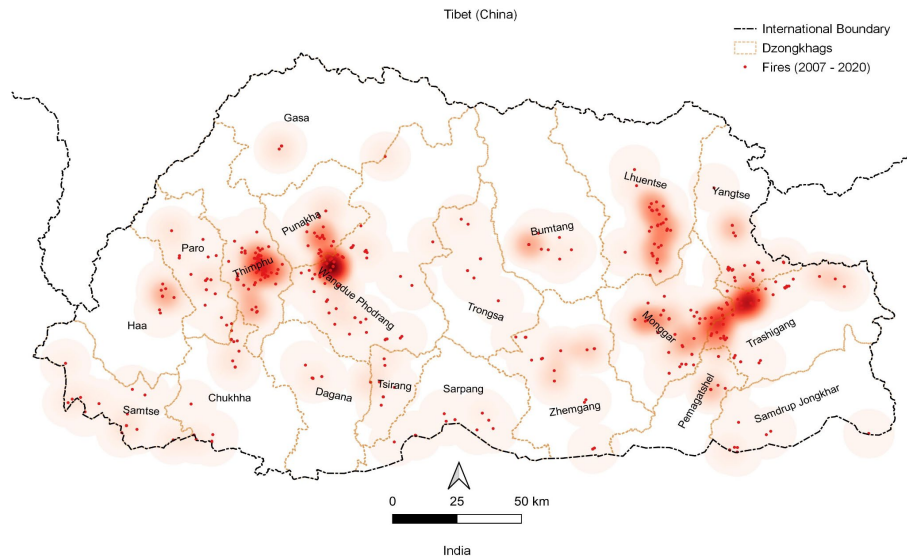


Figure 8. Fire occurrence locations (2007 -2020) and current fire risk zones. Darker shades correspond to higher fire occurrences and more area burnt.⁵⁵

Current fires are mostly concentrated in the chir pine and blue pine zones forests, with occasional fires within sub-tropical broadleaved forests. Model projections under future climatic scenarios also indicate that chir pine, blue pine and mixed conifer forests will be the most impacted. Concurrently, Kawang and Mewang gewogs (Sub-district)⁵⁶ under Thimphu dzongkhag (Block),⁵⁷ are at most risk from fire hazards within the blue pine forests zone.⁵⁸

⁵⁴ UNDP (2021). Assessment of climate risks on forests and biodiversity for National Adaptation Plan (NAP) formulation process in Bhutan. UNDP, Thimphu, Bhutan.

⁵⁵ *Ibid*

⁵⁶ Referred to Sub-district/block in Bhutan

⁵⁷ Bhutanese term for District.

⁵⁸ UNDP (2021). Assessment of climate risks on forests and biodiversity for National Adaptation Plan (NAP) formulation process in Bhutan. UNDP, Thimphu, Bhutan.

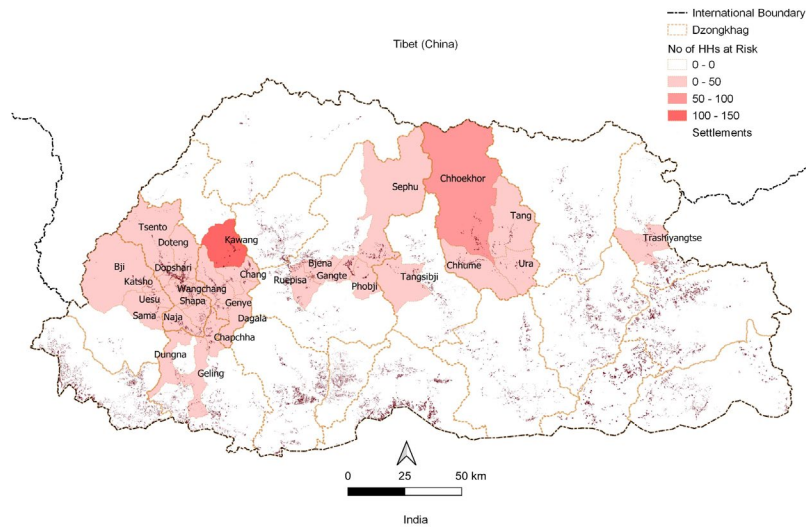


Figure 9. Households most at Risk in Blue Pine Forests RCP 4.5 now until 2050.⁵⁹
Impact of Climate Change on Agriculture

Climate change impacts on agriculture in Bhutan

Agriculture in Bhutan is highly vulnerable to climatic conditions due to its dependence on monsoon rains and short growing periods. Climate change is likely to influence food production due to alterations to carbon dioxide concentration, precipitation and temperatures.⁶⁰ This is accentuated by the structure of agricultural production and concentration of agricultural activity in vulnerable areas. Around 30% of agricultural production takes place on slopes that are vulnerable to landslides and soil erosion. Only 2.93% of the total area of Bhutan constitutes arable agricultural areas, which renders the agriculture sector more vulnerable to the impacts of climate change.⁶¹

With climate change, agro-biodiversity loss (about 30% of traditional crop varieties are lost already in Bhutan)⁶² as well as incidences of pests and diseases are expected to increase along with a worsening of water-related issues.⁶³ Soil erosion, aridification and change in soil organic matter will further impact the agriculture production. Diminishing snow cover will add to the growing water woes across Bhutan.⁶⁴ Additionally, crop and livestock loss to wildlife continues to take a significant toll on farmers' economic productivity and psychosocial well-being.⁶⁵

Climate projections suggest that the annual growing season length could increase by an estimated 25.9 days by the end of the century, primarily in northern regions.⁶⁶ It is also projected that the change in daily maximum

⁵⁹ UNDP (2021). Assessment of climate risks on forests and biodiversity for National Adaptation Plan (NAP) formulation process in Bhutan. UNDP, Thimphu, Bhutan.

⁶⁰ Behera, B., Haldar, A. & Sethi, N. Agriculture, food security, and climate change in South Asia: a new perspective on sustainable development. *Environ Dev Sustain* (2023). <https://doi.org/10.1007/s10668-023-03552-y>

⁶¹ NSSC, PPD. Bhutan land cover assessment 2010—technical report. Thimphu: NSSC and PPD, Ministry of Agriculture and Forests; 2011.

⁶² Katwal, T.B.; Dorji, S.; Dorji, R.; Tshering, L.; Ghimiray, M.; Chhetri, G.B.; Dorji, T.Y.; Tamang, A.M. Community Perspectives on the On-Farm Diversity of Six Major Cereals and Climate Change in Bhutan. *Agriculture* **2015**, *5*, 2-16. <https://doi.org/10.3390/agriculture5010002>

⁶³ Sivakumar, M. V., & Stefanski, R. (2011). Climate change in South Asia. In *Climate change and food security in South Asia* (pp. 13-30). Springer, Dordrecht

⁶⁴ Gurung, D. R., Kulkarni, A. V., Giriraj, A., San Aung, K., & Shrestha, B. (2011). Monitoring of seasonal snow cover in Bhutan using remote sensing technique. *Current Science*, 1364-1370.

⁶⁵ Barua, M., Bhagwat, S. A., & Jadhav, S. (2013). The hidden dimensions of human–wildlife conflict: health impacts, opportunity, and transaction costs. *Biological Conservation*, *157*, 309-316.

⁶⁶ Li, H., Xu, C.Y., Beldring, S., Tallaksen, L.M. and Jain, S.K. (2016). Water resources under climate change in Himalayan basins. *Water*

temperature could increase between 1.3 C and 3.1 C by the 2050s. Increasing temperatures and an expanding number of hot days are likely to impact livestock and milk production.

The number of summer days with temperatures above 25 C are expected to increase in the southern regions as are the expected days with precipitation above 20 mm; the maximum monthly rainfall with a ten-year return period is also expected to increase.⁶⁷ Sustained temperature increases are likely to shift in the optimal growing ranges of current crops towards the north, and at higher elevations. Increased temperatures for some areas may result in expanded growing seasons and a net gain in agriculturally productive land. However, the increase in other stressors may offset these gains. Specifically, the risk that an increase in the frequency of very hot days (>35 C) and potential water resource limitations may reduce yields.⁶⁸

To illustrate, the potato has emerged as Bhutan's primary crop, cultivated by around 34,000 rural households, mainly in the temperate agro-ecological zone, contributing significantly to their livelihoods. The sale of potatoes generated BTN 709.81 million in revenue in 2019, aiding farmers in purchasing staple foods and household necessities. However, climate change impacts are adversely affecting Bhutan's agricultural sector, including the potato crop. Studies predict unsuitability for potato cultivation in current areas by the 2050s, particularly in high-elevation zones (>3000 masl) due to rising temperatures.⁶⁹

Climate change impacts on agriculture in Thimphu District

Though there is a lack of published scholarship on the subject, residents living in Thimphu claim that evidence of rising temperatures and their impacts on agriculture are clearly visible. Some experts reported that climate change is making it possible to grow tropical species such as banana and tomatoes in Thimphu.⁷⁰

Generally, crop production and acreage of land use in the Thimphu district saw a gradual decline in recent years. For instance, paddy, a major cereal grown in the district, has dropped both in terms of acreage and production. From 632 acres producing 1,490 t in 2016, paddy production fell to 1,323 t from 579 acres. Similarly, the area for wheat and barley production reduced from 261 acres and 25 acres to 199 acres and 15 acres respectively. The three crops together recorded a fall from 1,820 t in 2016 to 1,566 t in 2018.⁷¹ The impacts of climate change have started to pose a serious threat to agriculture, biodiversity and livelihood of the Bhutanese people.

Bhutan has witnessed frequent extreme weather events, causing widespread damages to crops and livelihoods. Increasingly under future climate scenarios, Thimphu will also witness greater impacts as both wetland and dryland agriculture is expected to be affected by climate change. Under both irrigated and rainfed systems, rice farming stands out to be highly sensitive to climate change since it requires large quantities of water. Even yield of dryland crops such as maize, wheat, barley, buckwheat and millet are expected to be negatively impacted due to the combined effects of CO₂ fertilization, changing patterns of precipitation and heat stress.⁷² In the case of apple orchards, wooly aphids, brown rot, collar rots and apple scab diseases have been reported in almost all

Resources management, 30(2), pp. 843–859. URL: http://folk.uio.no/chongyux/papers_SCI/WARM_14.pdf

⁶⁷ Royal Government of Bhutan (2021). Third National Communication to the UNFCCC. URL: <https://unfccc.int/sites/default/files/resource/TNC%20of%20Bhutan%202020.pdf>

⁶⁸ The- World Bank Group and the Asian Development Bank. (2021). Climate Risk Country Profile: Bhutan. URL: <https://www.adb.org/sites/default/files/publication/722636/climate-risk-country-profile-bhutan.pdf>

⁶⁹ Rai P, Bajgai Y, Rabgyal J, Katwal TB, Delmond AR. Empirical Evidence of the Livelihood Vulnerability to Climate Change Impacts: A Case of Potato-Based Mountain Farming Systems in Bhutan. *Sustainability*. 2022; 14(4):2339. <https://doi.org/10.3390/su14042339>

⁷⁰ Wangmo, Choki (1st November, 2021). Climate change: a local perspective. Kuenselonline. Retrieved in December 2023 from <https://kuenselonline.com/climate-change-a-local-perspective/>

⁷¹ Namgay, Thinley (April 22, 2020). Land remains fallow in most of the gewogs in Thimphu. Kuenselonline.com. Retrieved in December 2023 from <https://kuenselonline.com/land-remains-fallow-in-most-of-the-gewogs-in-thimphu/>

⁷² Chhogyel, N., Kumar, L. Climate change and potential impacts on agriculture in Bhutan: a discussion of pertinent issues. *Agric & Food Secur* 7, 79 (2018). <https://doi.org/10.1186/s40066-018-0229-6>

apple-growing northern districts and impacting the yield.⁷³

Impact of Climate Change on Water

Climate change impacts on water in Bhutan

Not only is water one of the most abundant natural resources in Bhutan, it is also the most critical. Water supports the two most important economic sectors – agriculture and hydropower. Water is also critically vulnerable to climate change in Bhutan, as all rivers depend principally on glacier melt, snow, and seasonal rainfall. Springs and small streams are the main water sources for rural parts of the country.

Many rural communities face water scarcity during the dry season when the natural springs they rely on dry up considerably, if not completely. Climate change could alter these water sources. In fact, a study by the Watershed Management Division reported that of the 6,555 water sources in the country, 2,317 (35%) are drying up while 147 have dried up already.⁷⁴

Projections for future river flows due to climate change impact on glacial and river systems show mixed results, but generally models suggest there could be an overall increase in precipitation at the national level. Projected increases in the number of days with very heavy precipitation could further increase the risk of flooding and impact runoff, erosion, and rates of river discharge. The CCKP model ensemble projects a 10%–15% increase in the volume of water falling during a 5-day extreme rainfall episode by the 2050s under RCP 8.5⁷⁵.

Climate change impacts on water in Thimphu District

Thimphu District is characterized by its rich biodiversity and delicate ecosystems. However, deforestation, land degradation, and climate change have led to more frequent and intense forest fires, posing risks to water catchment areas and disrupting the delicate ecological balance. Climate change-induced shifts in precipitation patterns may further exacerbate water scarcity in the district, impacting households, agriculture and ecosystems.

According to a 2021 report from the Watershed Management Division, Department of Forests and Park Services, approximately 37% of the 145 water sources in Thimphu Dzongkhag are experiencing drying conditions. The majority of these affected water sources are located in Kawang and Mewang *gewogs*.⁷⁶ Out of the total, 54 water sources are currently in a drying state, while the remaining ones have not experienced any changes in their discharge levels and are in a normal state. Notably, all water sources in Mewang and Genekha *gewogs* are currently in a drying condition.

⁷³ Dorji P. Deciduous fruit production in Bhutan. Deciduous fruit production in Asia and the Pacific; 1999. p 18

⁷⁴ WMD (2021). Assessment and Mapping of Water Sources in Bhutan (A comprehensive inventory and status of water sources used by Bhutanese communities). Watershed Management Division, Department of Forests and Park Services.

⁷⁵ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Projections. URL: <https://climateknowledgeportal.worldbank.org/country/bhutan/climate-data-projection>

⁷⁶ WMD (2021). Assessment and Mapping of Water Sources in Bhutan (A comprehensive inventory and status of water sources used by Bhutanese communities). Watershed Management Division, Department of Forests and Park Services.

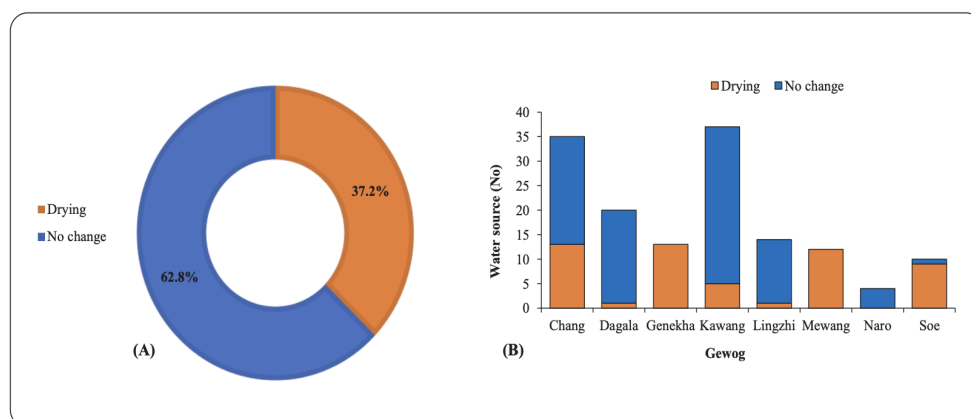


Figure 10. Status of Water Source in Thimphu Dzongkhag (A: Dzongkhag Level; B: Gewogs)⁷⁷

In addition, the assessment report of 2020 on selected watersheds of Thimphu Dzongkhag reported that watersheds of Pulluna, Chudingkha, Siluna, Jamephu, Tsaphu, Wooluna, Sisilum, Churalum, Khariphu, Geney Rongchu, Dorji Nye, Hongola fall under the 'Degraded Category.'⁷⁸

WS ID No.	Name of sub-watershed	Uses	Beneficiaries	Gewog	Overall risk score
73	Pulluna	Drinking and dryland irrigation	Pulluna, Monastries, RNR Center, Chicken Farm	Mewang	Degraded
73	Chudingkha		Jimina industrial estate		
73	Siluna		Siluna, Lingzhephaka, Jimina school		
74	Jamephu	Drinking and irrigation	Ramtokto, Nyzerkha, Danglu, Simu, Dramsa, Chhudingkha, Namseling		
74	Tsaphu		Khasadrapchu town and school, RNR Center, Singye		
74	Wooluna		Wooluna, Danglo		
85	Sisilum		Sisina, Dalukha, Khasakha, Community school, Rehab center		
85	Churalum		Patsikha, Kinzang Dechenling, Drupdey, Sisi nun center, Old-age home		
85	Khariphu		Khariphu and adjoining industries		
89	Geney rongchhu		Wang Barma Central School, Cheju Goempa, Goesarbu Lhaxhang, Laktsham, Chuzon Gate, BPC colony	Geney and Dagala	
89	Dorji Nye	Drinking and dryland irrigation	Genekha Gewog Center, Genekha School	Geney	

⁷⁷ Ibid

⁷⁸ Ibid

89	Hogola	Dryland irrigation	Tshocheykhya, Zamto and adjoining villages in mewing gewog	Geney and Dagala	
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Table 2. Degraded Watersheds in Thimphu District.⁷⁹

Impact of Climate Change on Poverty

The projected climate change impacts shall affect the poorest groups disproportionately since poverty is most prevalent in rural districts, where the population rely on agriculture for livelihood. The adaptive capacities of the rural poor are minimal, especially in terms of investing in climate-resilient agricultural technology and methods. Poorer farmers may not afford local water storage, irrigation infrastructure, and technologies for adaptation.

While the Bhutanese government has been successful in reducing poverty over the last two decades, the agriculture sector's vulnerability to climate change vastly increases the risk of the rural populations of Bhutan falling back into poverty.

A study in the Punakha District found 91% of the households surveyed were affected by monsoon pattern changes, impacting water availability for irrigated rice farming.⁸⁰ Recently, in October 2021, incessant rainfall affected paddy harvests in several districts across the country, damaging an estimated 1,945 t of rice production in Paro District alone.^{81,82}

Climate change impacts on Poverty in Thimphu District

According to the latest report by the National Statistical Bureau, the poverty rate for Bhutan is 12.4%. Poverty however is not evenly distributed across areas; while the rural poverty rate is 17.5%, it drops to 4.2% in urban areas.⁸³ Although, poverty rate in Thimphu (1.2%) is one of the lowest among the districts, climate change is expected to further exacerbate the food security in general for the vulnerable farming communities.⁸⁴

Climate Change and Gender

Although women in Bhutan enjoy significant rights, the status of gender equality presents a complex scenario. Substantial efforts have been taken to enhance the well-being of women and girls, shown by achievements such as gender parity in education up to the secondary level, a decline in maternal mortality, and an increase of women's involvement in societal and professional areas.

Simultaneously, Bhutan has committed to numerous international gender conventions and agreements, and equal rights are explicitly outlined in the country's Constitution and other legal frameworks. However, persistent gender inequalities exist, notably in areas like unequal land ownership and the limited representation

⁷⁹ *Ibid*

⁸⁰ Warner, K. and Van der Geest, K. (2013). Loss and damage from climate change: local-level evidence from nine vulnerable countries. *International Journal of Global Warming*, 5(4), pp. 367–386. URL:

https://www.researchgate.net/publication/258120139_Loss_and_damage_from_climate_change_Local-level_evidence_from_nine_vulnerable_countries

⁸¹ Phuba Lhamo et al. (2021). Incessant rain damages paddy crops across the country. *Kuensel*. URL: <https://kuenselonline.com/incessant-rain-damages-paddy-crops-across-the-country/>

⁸² Phub Dem. (2021). Rains damage about 1,945MT of rice in Paro. *Kuensel*. URL: <https://kuenselonline.com/rains-damage-about-1945mt-of-rice-in-paro/>

⁸³ National Statistics Bureau of Bhutan (2022). *Bhutan Poverty Analysis Report*. National Statistics Bureau of Bhutan. Royal Government of Bhutan.

⁸⁴ Chhogyel, N., Kumar, L. Climate change and potential impacts on agriculture in Bhutan: a discussion of pertinent issues. *Agric & Food Secur*, 7, 79 (2018). <https://doi.org/10.1186/s40066-018-0229-6>

of women in certain sectors⁸⁵.

Gender differences are visible in Climate change vulnerability, participation in CC decision-making action, and diverse levels of benefit-sharing. In 2017, almost 60% of employed women were active in agriculture, as compared to 34% of the employed men.⁸⁶ The feminization of agriculture because of out-migration of males bears notable significance in the impact of climate change on agriculture, and thus women. Women also experience a higher unemployment rate, gender payment gaps, and gender-based violence.⁸⁷ In rural households, gender-specific tasks include livelihood tasks such as collection of drinking water by females and irrigation water by males; household tasks which are mainly carried out by females; non-farm work/off-farm employment especially of males; and decision-making and attending meetings mainly by males.

While climate change issues have been integrated in the ‘National Gender Equality Policy’ and the ‘National Plan of Action for Gender Equality’ (2019-2023), application of the various tools to mainstream gender into climate change actions are limited due to limited resources and capacity gaps.⁸⁸

Adaptation measures related to farming practices, forest management, and protected areas require women’s active and informed participation, to be effective. However, women’s active participation and gender balance in climate policy development and decision-making overall is significantly lower than that of men. A study on gender and climate change showed that there is an urgent need to empower female farmers and enhance their communication skills to improve women’s decision-making abilities in (local) governance and farming decisions, including those related to climate smart agriculture and climate resilient agriculture.⁸⁹

Project Sites:

The proposed project, "**Securing Water & Enhancing Climate Resilience in Thimphu District, Bhutan,**" aims to address several interrelated challenges faced by communities in Thimphu District, Bhutan. The Thimphu Dzongkhag’s economic, social, and environmental context poses significant risks to water security and overall climate resilience, impacting the livelihoods and well-being of communities in Thimphu Dzongkhag.

In the context as put forth above, the proposed project aims to restore catchments, reduce the risks of forest fires, and enhance drinking water and irrigation systems in Thimphu district. By implementing sustainable water management practices and promoting community engagement, the project seeks to secure water resources, improve climate resilience, and enhance the socio-economic well-being of vulnerable communities in Thimphu.

The project will focus on (Kawang, Mewang, Chang and Dagala gewogs benefiting a total of 576 households from the four gewogs and at least 52% women population. The following figure illustrates the location of the project sites.

⁸⁵ National Commission for Women and Children (2020). Gender and Climate Change. URL: https://www.ncwc.gov.bt/publications/Gender_and_Climate_Change_Bhutan1583629500.pdf

⁸⁶ National Statistical Bureau (2017). Population and Housing Census Bhutan (PHCB) (2017). National Statistics Bureau. Royal Government of Bhutan.

⁸⁷ National Commission for Women and Children (2020). Gender and Climate Change. URL: https://www.ncwc.gov.bt/publications/Gender_and_Climate_Change_Bhutan1583629500.pdf

⁸⁸ *Ibid*

⁸⁹ *Ibid*

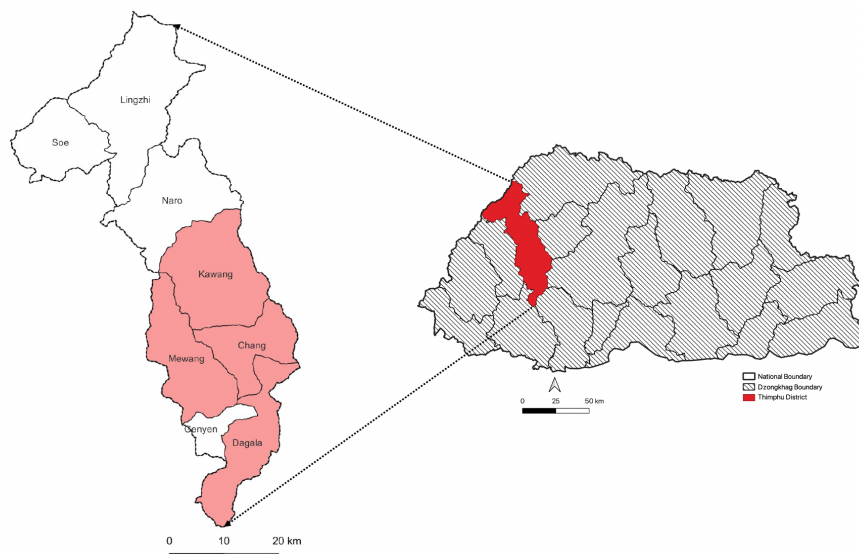


Figure 11. Location of project sites (Kawang, Mewang, Chang and Dagala gewogs) within Thimphu District (Map by Norbu Wangdi, BES, Data Source: National Land Commission Secretariat, 2023).

Through collaboration with local stakeholders and the adoption of holistic approaches, the project aspires to align with Bhutan's GNH principles, ensuring a balanced and sustainable development trajectory for the region.

The following outcomes are expected through the proposed activities:

1. Increased ecosystem resilience in vulnerable communities
2. Increased agricultural productivity and income for the farmers especially women.
3. Improved health and well-being of communities and their families through access to clean reliable drinking water.
4. Enhanced community resilience to climate change impacts

Project / Programme Objectives:

List the main objectives of the project/programme.

The overall objective of the project is to enhance the adaptive capacities of communities to impacts of climate change by building resilience and implementation of ecosystem-based adaptation measures in Thimphu district.

The specific objectives are to:

- 1. Increase ecosystem resilience in response to climate change and variability-induced stress:** Implement ecosystem-based adaptation interventions to ensure natural capacity for water infiltration, recharge and water buffering through restoration, rehabilitation, and protection of degraded catchment areas/ watersheds, thereby improving water retention, groundwater recharge, and overall water availability.
- 2. Enhance Sustainable Water Resource Management:** Improve access to clean and safe drinking water and resilient irrigation systems through the development of community-based water supplies, strengthen Water User Associations (WUAs) with 30% women participation and promote sustainable water resource management.
- 3. Strengthen the adaptive capacities of local communities and organizations:** Enhance the capacities of local

communities and organizations in the planning, governance and implementation of water adaptive mechanisms to reduce vulnerability against climate change with special consideration to women (at least 30% women participation in all capacity building activities).

Project / Programme Components and Financing⁹⁰:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well-defined interventions / projects.

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US\$)
1. Ecosystem-based adaptation (EbA) to ensure natural capacity for water infiltration, recharge and water buffering.	<p>Output 1.1 Water Resource Management & Governance strengthened</p> <p>Output 1.2 EbA solutions & SLM to enhance watershed functions; minimize impact of floods and extreme rainfall implemented</p> <p>Output 1.3. Mitigation of forest fire hazards by promoting integrated forest fire management.</p>	Outcome 1: Increased ecosystem resilience in response to climate change and climate variability-induced stress.	862,065
2. Community-based climate resilient drinking water and irrigation infrastructure established	<p>Output 2.1 Community-based climate resilient drinking water infrastructure established</p> <p>Output 2.2 Community-based climate resilient irrigation infrastructure established & improved</p>	Outcome 2. Ensured access to irrigation and safe and reliable drinking water.	2,858,442
3. Capacity of local communities and organizations on knowledge and skills related to sustainable water resource management, local climate adaptation planning and implementation enhanced.	<p>Output 3.1 User groups in the community strengthened for effective management of irrigation and drinking water</p> <p>Output 3.2 Capacity of local communities, local leaders and organizations enhanced on local adaptation planning and implementation.</p> <p>Output 3.3 Dissemination of Project Results and Lessons Learned</p>	Outcome 3. Increased resilience of local communities to climate change through enhanced capacity in adaptation planning and implementation	450,000
4. Project/Programme Execution cost (9.5%)			437,788

⁹⁰ IE and EE fees calculator: <https://www.adaptation-fund.org/document/ie-and-ee-fees-calculator/>

5. Total Project/Programme Cost	4,170,507
6. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable) (8.5%)	391,705
Amount of Financing Requested	5,000,000

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
CN submission	June 2024
PFG + Full Blown Proposal (14 months)	September 2025
Start of Project	January 2026
Mid-term Review (if planned)	July 2027
Project/Programme Closing	January 2029
Terminal Evaluation	March 2029

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience. Specify how the project/programme enables devolving decision making to the lowest appropriate level and gives local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored and how success is evaluated.

The project for securing water and enhancing climate resilience in Thimphu District is expected to cultivate more vibrant ecosystems and enhance the quality of associated services. At the heart of this initiative lies a systematic approach to addressing issues tied to water availability and utilization throughout the entire watershed. Moreover, the project takes a holistic view of sustainability, considering technical, financial, and institutional considerations, thereby enhancing its potential for enduring success. Significantly, the active participation of beneficiaries serves as a linchpin, ensuring the project's effectiveness and fostering resonance within the local community. Furthermore, integrated forest fire management adds another layer of proactive environmental stewardship to the project's multifaceted goals, safeguarding against potential threats and further promoting ecological balance.

Component 1: Ecosystem-based adaptation (EbA) to ensure natural capacity for water infiltration, recharge and water buffering implemented.

This component focuses on implementing the best practices of ecosystem-based adaptation (EbA) measures to enhance natural capacity for water recharge and improving watershed conditions. The spring water revival, habitat enrichment, plantations, trenching are some of the best practices implemented in Bhutan for overall improvement of watershed conditions. The eco-restoration of degraded watersheds and catchments will enhance habitat quality and biodiversity by safeguarding watersheds and expected to reduce instances of water sources drying up during extreme climate events like droughts.

During the initial stages for the development of the concept note, the adaptation activities were prioritized in consultation with the Thimphu District Administration and other relevant sectors. These activities were prioritized in the Gewog Development Plans⁹¹ specific to the communities and in the Thimphu Dzongkhag Development Plan. Further identification and validation of the specific EbA measures relevant to the specific environmental and socio-economic conditions will be done during the community consultations at the full proposal development stage.

EbA solutions, such as vegetative buffers or plantations and riparian zones, are expected to contribute to improving water quality by preventing soil erosion and filtering pollutants. This further helps in maintaining the ecological integrity of water bodies within the watersheds. Rainwater harvesting is another successful EbA solution to enhance overall water security in water scarce areas. The feasibility of rainwater harvesting will also be explored in targeted water-stressed communities within Thimphu district and implemented to ensure water needs for washing, flushing and kitchen gardening, to enhance overall water security for communities. The exact prioritized EbA measures will be reviewed for degraded sites during the pre-feasibility in the project development phase.

Habitat enrichment within managed watersheds will enhance biological diversity and an increase in provisioning ecosystem services, such as a higher availability of NWFPs like mushrooms, and fiddlehead ferns, which are commonly harvested to supplement household income.

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

Output 1.1 Water Resource Management & Governance strengthened

This output focuses on strengthening water resources management practices and governance.

⁹¹ Gewog and Dzongkhag Development plans are developed in thorough consultation amongst all relevant stakeholders including all members of the community as per the Local Development Planning Manual 2021.

The objective is to enhance the efficiency, equity, and resilience of water resource management systems. Under this one of the key activities will be to enhance collaboration among stakeholders and promote transparent decision-making processes, through development of localized integrated water resource plans. Through this, we hope that all stakeholders, including marginalized communities, will have fair access to water resources, foster social justice and equality. Improved governance will also ensure that water resources are used efficiently, reducing wastage, and promoting sustainable practices. Another important activity is to enhance informed decision making for climate change adaptation. Currently, only one meteorological station is established at Simtokha, which doesn't meet the data requirement for determining future climatic changes in water resource regimes in Thimphu. Gathering accurate and timely information on local weather patterns, temperature variations, and precipitation data in these degraded watersheds which are crucial for informed decision-making, early warning systems, and adapting to climate change. Hydro-meteorological stations will be installed at specific sites within degraded watersheds in the target communities, eliminating the need for downscaling, as the recorded data will offer precise microclimatic information. Representatives from the Gewog administration and local communities will be involved in the installation process. Additionally, training workshops will be conducted to equip community representatives and Gewog sectoral officials with the skills needed for the operation, maintenance, and data collection from the weather stations.

Local communities will be trained in Hydro-met establishment, instrument operation, data collection, and maintaining data at both the local and DoW. Hydro-met data will be analyzed in collaboration with the DoW and relevant agencies to understand the changes in micro-climatic condition and hydrological regime of the watersheds. Accordingly, a community-based approach will be used to design appropriate interventions measures (NbS) to improve the watershed condition. Annual status report will be produced about the micro-climatic condition, hydrological status, and overall health of the watershed and the information will be shared with local communities and relevant stakeholders. The project will take concrete actions to address these barriers, such as tailored recruitment, capacity building events, training, or partnerships with local organizations. Furthermore, it will choose to disseminate through written materials (e.g., leaflets or posters in local language) distribution in accessible locations with focus on major women participation access to such information. For eg. leaflets or posters) distribution in accessible locations with focus on major women participation access to such information. This approach will enhance and inform the local decision making and local need-based policy development.

Specific activities of this output are:

1.1.1: Develop localized integrated water resource master plan.

1.1.2: Carry out hydrological mapping and appropriate revival measures.

1.1.3: Develop a guide to establish a centralized harmonized water data repository system.

1.1.4: Develop a guideline for climate proofing and resilient structure for adaptation and sustainability.

1.1.5: Establish microclimate and meteorological stations for enhancing decision making.

Output 1.2 EbA solutions & SLM to enhance watershed functions; minimize impact of floods and extreme rainfall implemented

This output focuses on the implementation of EbA solutions and sustainable land management (SLM) interventions to enhance watershed functions. EbA interventions are proven to enhance biodiversity and contribute to the overall health of ecosystems besides reducing vulnerability to climate related disasters, enhancing community and ecosystem resilience.

The overall goal is to minimize the impact of floods and extreme rainfall events, mitigating the risks associated with water-related disasters and promoting ecological resilience. As such, effective EbA interventions will be implemented through local community participation, such as reforestation, green

infrastructure, and soil conservation measures. Sustainable land management practices can effectively reduce the risk of flooding and improve soil and water conservation. Under this output, the identified degraded watersheds within Thimphu district will be restored through implementation of feasible EbA interventions and adoption of sustainable land management practices. During the full proposal development stage, detailed community consultations will be held with the target communities and community needs will be validated based on local knowledge. All priority adaptation actions including new ones identified will be incorporated into the larger EbA strategy in the full proposal.

During the full proposal development stage, a comprehensive evaluation and documentation of the traditional knowledge related to water resource management and EbA practices within the target communities will be carried out. The viable traditional methods identified will be integrated into the broader adaptation strategy during the finalization of program activities.

The Gewog Planning Cycle has a strong M&E requirement, which allows community members to provide feedback for any development activities undertaken in the community. If a member/community wants to provide feedback, then they can submit such feedback to the Gewog Administration in writing. At the Gewog, a Monitoring team is already constituted to assess and validate feedback received. If any issues arising out of such feedback cannot be resolved at the Gewog, then the case is escalated to the Dzongkhag Administration. At the Dzongkhag level too, a Dzongkhag committee is in place to resolve such issues. Community members can also provide feedback through local Community WhatsApp/Wechat groups on urgent issues requiring immediate corrective action.

Specific activities of this output are:

1.2.1: Identification of degraded watersheds

1.2.2: Implementation of the EbA solutions through community participation and engagement

1.2.3: Community capacity building for implementation of EbA solutions

Output 1.3 Mitigation of forest fire hazards by promoting integrated forest fire management.

In recent years, Thimphu district has experienced a surge in the occurrence of forest fires, which have caused substantial depletion of forest resources, compromised water sources, and posed danger to human lives and property. To manage the adverse impacts from the increasing hazards, a range of fire management interventions will be implemented under this project.

Specific activities of this output are:

1.3.1: Establishment of Gewog level forest fire coordinating group (GFCCG) in Thimphu district to foster community participation in forest fire management.

1.3.2: Procure and distribute the forest firefighting equipment (water backpacks, fire pumps, and hoses) for effective suppression during fire incidences to Interagency Forest Fire Coordinating Groups (IFFCG) and Gewog level Forest Fire Coordinating Group (GFFCG).

1.3.3: Develop a comprehensive forest fuel type classification using remote sensing and field data validation to guide mitigation measures and future interventions in Thimphu district.

1.3.4: Post Fire assessment framework and valuation tool developed.

Component 2: Community-based climate resilient drinking water and irrigation infrastructure established

Component 2 focuses on enhancing the access to clean, safe and reliable drinking water for households

and supply of adequate irrigation water for farmers in four gewogs of Thimphu.

Thimphu has the highest population amongst districts and faces increasing pressure on natural resources, particularly water. Recent studies reported drying water sources in Kawang, Dagala, Chang and Mewang county exacerbating the challenges of inadequate drinking water and intensifying the impacts of urbanization and population growth to public health, agriculture, and overall community well-being.

The project will enhance the climate resilience of irrigation infrastructure, reducing the costs associated with climate change-induced extreme events and easing the burden on public resources from continuous recovery expenses. Improved irrigation schemes are expected to boost agricultural productivity and income of households. Climate-resilient irrigation systems are expected to provide a more flexible and reliable water supply, promoting diversification into higher-value crops. The introduction of technologies like hydro-pressure pipes will reduce water losses from uncontrolled spillages and evapotranspiration. Continuous water supply will also reduce the economic burden on users seeking alternatives during erratic water availability, ultimately reducing vulnerability to risks of drying water sources. Increased incomes due to engagement in other economic activities related to ecosystem-based adaptation measures, and higher agricultural productivity, will alleviate poverty in vulnerable rural communities.

During the full proposal development phase, we will hold comprehensive consultation meetings with community stakeholders, ensuring the involvement of all relevant parties, including community members. We intend to dedicate three days each to specific consultation sessions in all the four targeted communities to further validate and evaluate their needs. This process will allow communities to reassess their requirements and identify new priority needs. Subsequently, we will prioritize these activities for inclusion in the full proposal. After finalizing the needs, we will proceed with a detailed feasibility assessment, which will include field surveys and design work. Additionally, we will organize co-creation workshops that will bring together Dzongkhag planners and engineers, Gewog representatives, and community members to collaboratively finalize the technical specifications and designs for the identified intervention activities.

Output 2.1 Enhanced access to clean and safe drinking water

This output focuses on strengthening the efforts to ensure access to reliable supply of clean and safe drinking water in identified communities in Thimphu.

Specific activities of this output are:

2.1.1: Pumula to Woluna Integrated Irrigation & Drinking Water Supply under Maedwang Gewog

This activity aims to integrate irrigation and drinking water supply systems in the Waluna under Maedwang Gewog. Households in Waluna are grappling with issues related to water availability for drinking and irrigation. The existing water supply system is quite old, not able to meet the increasing demands due to peri-urban expansion, in Waluna, which further pressurizes the water resource crunch in the area. Therefore, this activity will help to optimize water resources, and provide a sustainable and efficient solution to meet the dual needs of agriculture and potable water for communities in Waluna. The activity will benefit a total of 30 households and a total population of 50 individuals (includes 30 females) and a total of 46 acres of agricultural land (~11 acres of dryland; 27 acres wetland).

2.1.2: Construction of Changtagang Water Supply under Kawang Gewog

The construction of the Changtagang Water Supply is aimed towards addressing the drinking water needs of the Changtanag community. This activity will ensure a consistent and secure source of clean water for daily consumption and other domestic purposes to meet the rising demand due to peri-urban expansion. This will benefit a total of 83 households of Changtagang with 330 individuals (including 180 females).

2.1.3: Construction of Helela Water supply at Chamgang under Dagala Gewog

This activity is targeted to enhance the access to safe, clean and reliable drinking water supply to the communities of Chamgang. Due to increasing number of households because of peri-urban expansion the demand for drinking water has increased recently. People also reported acute water shortages in these areas. This activity will benefit 122 households, and 892 individuals, including 436 females.

2.1.4: Construction of Rama Water Supply under Chang Gewog

This activity is targeted to ensure improved access to safe drinking water for households in Rama. Due to increasing number of households due to peri-urban expansion, increasing commercial establishments in Rama, and shrinking water source, there is acute shortage of drinking water supply in Rama. This will benefit 87 households and a total of 238 individuals, including 113 females.

Output 2.2: Enhanced access to adequate irrigation water

Promotion of sustainable agriculture and food security is at the core of Output 2.2. This output focuses on enhancing access to adequate and reliable irrigation water for enhancing agriculture in vulnerable communities of Thimphu district.

Specific activities of this output are:

2.2.1: Construction of Khasakha Irrigation, Maedwang Gewog

The construction of Khasakha Irrigation infrastructure will enhance agricultural productivity by providing a reliable water supply for irrigation for farming households of Khasakha, under Maedwang Gewog. The Khasakha Irrigation scheme will benefit 60 households, with 300 individuals (170 females), and a total of 206 acres of agricultural land (~128 acres dryland and ~64 acres wetland).

2.2.2: Construction of Sigay Irrigation, Maedwang Gewog

Similarly, the construction of the Sigay Irrigation scheme will also enhance agricultural productivity by providing a reliable water supply for irrigation for 25 households of Sigay, with 100 individuals (60 females); a total of 27.8 acres of agricultural land (~8 acres dryland, 18.5 acres wetland).

2.2.3 Construction of Sisilung to Dalukha Irrigation, Maedwang Gewog

The construction of Sisilung to Dalukha Irrigation scheme, will also enhance irrigation water for 14 households of Dalukha with 170 individuals (102 females); a total of ~124 acres of agricultural land (~80 acres dryland;~31 acres wetland).

2.2.4 Rehabilitation of Hongtsho Toed - Maed Irrigation scheme, Chang Gewog

The Hongtsho Toed and Maed irrigation Schemes were established quite some time ago and are now due for maintenance to ensure its continued contribution to agriculture sustainability.

The rehabilitation of the Hongtsho Toed-Maed Irrigation scheme will benefit a total of 125 households with 418 individuals (212 females); a total of 25 acres of dryland agricultural land.

Component 3: Capacity of local communities and organizations on knowledge and skills related

to sustainable water resource management, local climate adaptation planning and implementation enhanced.

Capacity building of the local communities and relevant stakeholders empower them to actively participate in the effective water resource management, also, it fosters a sense of ownership and responsibility leading to adoption of the best practices. Bhutan is vulnerable to various climate change impacts; capacity building helps communities to adapt to the changes by providing them with the right skill and tools to cope with water related issues. The capacity building also helps the water users collect and maintain right information on water usage, progress and impacts of adaptation interventions, and making informed decisions for future planning.

This can be achieved through the following outputs and activities:

Output 3.1 Community based Water User Associations (WUAs) strengthened for effective management of irrigation and drinking water.

This output focuses on formalizing and strengthening capacities of Water User Associations (WUAs) in targeted communities to enhance sustainable effective management of irrigation and drinking water resources. By fostering collaboration and shared responsibility, the project aims to create resilient and self-sufficient user groups capable of ensuring the sustainable use of water resources. Specific trainings-workshops, and community engagement initiatives, will be organized to empower these user groups with the knowledge and skills necessary for efficient water management.

In the designated communities, Water User Associations (WUAs) have been established in each target community, after consultation with local residents. These WUAs operate under Bylaws that have received approval from the relevant Gewog Administration. Each WUA is governed by a committee consisting of a Chairman, Treasurer, and Water Caretaker/Guard, all of whom are elected by the association members. The WUAs possess the authority to make decisions regarding the distribution of water resources and oversee the daily management of water supply and irrigation systems. The Department of Water has created guidelines for the WUAs, and in cases where new associations are formed, their bylaws will be aligned with these guidelines. For existing WUAs, a review of the bylaws will be conducted to ensure they comply with the updated guidelines.

The Water User Associations (WUAs) established under this initiative will adhere to the Guidelines for WUA Establishment set forth by the Department of Water. Each WUA will undergo registration with the Department of Water following approval from the Gewog and Dzongkhag. This new registration at the Central Department Level will strengthen the legal standing and authority of these associations to manage and allocate water resources locally. This formalization will elevate the WUAs to recognized legal entities, granting them the necessary powers and authority to manage water resources efficiently in compliance with the Bhutan Water Act, along with its associated rules and regulations.

Beyond just capacity building workshops, the concept of co-creation will be implemented during the project formulation phase, ensuring that community members are involved from the outset and have an equal voice in identifying and designing interventions. All consultations and training workshops will promote participation from every segment of the community including gender representation. For community consultations and training sessions, representatives from all households, including those

from vulnerable and marginalized groups, will be included with the support of the local government administration. All households will automatically be considered members of the Water User Associations (WUAs), which will be formally registered as recognized entities. Capacity building efforts aimed at WUAs will guarantee the involvement of representatives from all households, including those that are vulnerable and marginalized.

Additionally, specialized training sessions are scheduled for the office bearers of the Water User Associations (WUAs) to enhance their skills in the operation and maintenance of water supply and irrigation systems.

Specific activities of this output are:

3.1.1: Community engagement and WUA establishment or strengthening

3.1.2: Conduct training workshops on project management, financial management and monitoring and evaluation skills for community-based water user groups

3.1.3: Specific training on operation and maintenance of water supply and irrigation systems for the WUA members

Output 3.2 Capacity of local communities, local leaders and organizations enhanced on local adaptation planning and implementation.

This output is focused on building the capacity of local communities, leaders, and organizations for local adaptation planning and implementation. Through the project targeted communities will be equipped with the tools and expertise needed to adapt to changing climatic conditions. Training programs, knowledge-sharing platforms, and hands-on workshops on adaptation planning and implementation will be organized for local leaders and key stakeholders. Capacity of Local leaders and key stakeholders will be enhanced to identify, plan, and implement effective strategies for climate adaptation at the community level.

Targeted training in leadership and project management aimed at facilitating local adaptation planning and implementation. This initiative will identify and designate women leaders and youth from the selected communities to participate in these specialized training programs, fostering the development of future community leaders. Targeted training on Integrated Water Resource Management is planned for the communities, along with a session focused on Sustainable Agriculture practices.

Specific activities of this output are:

3.2.1: Capacity building for local adaptation planning and implementation of local communities, leaders, and organizations

3.2.2: Conduct training workshops on project management and financial management for local leaders to strengthen the organizational and leadership skills.

3.2.3: Capacity building training workshop for communities on integrated water resource management and sustainable agricultural practices.

3.2.4: Capacity building training workshop on disaster risk management including forest fires, flash floods, landslides, etc.

Output 3.3 Project Results and Lessons Learned disseminated effectively.

As part of the knowledge-sharing and capacity-building strategy, this output focuses on the effective dissemination of project results and lessons learned. Valuable insights, successful strategies, and best

practices from the project implementation will be disseminated through various communication channels such as workshops, seminars, reports, and community events. The effective dissemination and sharing of the achievements of the project is aimed to facilitate cross-community learning and inspire replication of successful approaches in other districts. Output 3.3 not only ensures that the project's impact extends beyond the immediate community but also contributes to a broader understanding of effective water management and local adaptation strategies.

Informal platforms on WhatsApp, WeChat, and other social media channels already exist to facilitate cross-community learning among community members and local government officials within and beyond the relevant Gewog. Additionally, groups for the Dzongkhag Development Committees are in place, allowing the local leaders to share success stories. To formalize the learning process, annual workshops will be organized to disseminate project results. These workshops will present findings and experiences from targeted project areas to a broader audience, including community leaders, policymakers, and government officials.

Three project results dissemination workshops are planned under component 3. During these workshops, participants will be taken for field visit to similar successful project sites for cross-learning, including sites within the AF Water Project currently being implemented by Bhutan.

Specific activities of this output are:

3.3.1: *Knowledge products developed, disseminated and utilized via knowledge sharing platform*

3.3.2: *Organize community forums and workshops to share experiences and lessons learned*

3.3.3: *Regular Monitoring and Evaluation of project results*

3.3.4: *Training on advocacy and communication skills for community members and local leaders*

Project Governance and Implementation Modality

The project places a strong emphasis on building the capacity of local institutions, such as local governments at the Gewog (block) level and community representatives of the Water User Associations in the target project sites within Thimphu. The project design is based on participatory approaches, with adaptation activities prioritized from the community level and included in District Level Plans. Community Leaders and existing groups, particularly Water User Association members, will receive training in adaptation planning and implementation. Specific training in financial management and monitoring and evaluation is also proposed, enabling communities to make better decisions regarding adaptation planning and implementation.

The project will establish local adaptation committees and implement community-based monitoring systems to engage local stakeholders in progress tracking and reporting for adaptation actions. It will also strengthen community feedback mechanisms for assessing the effectiveness of adaptation measures and making necessary adjustments. The project aims to strengthen participatory governance to empower local-level decision-making and recognizes the importance of integrating local indigenous knowledge into adaptation strategies, ensuring that traditional practices and insights are valued and utilized in the design and implementation of adaptation actions.

Further, the project aims to build the capacities of local institutions, including the Bhutan Ecological Society, an active civil society organization, to access and implement adaptation activities in close collaboration with local communities. The PMU will be housed under the Bhutan Ecological Society and lead the implementation of the project in collaboration with the Local Government of the target gewogs, with technical support from the concerned central agencies, DA and the NIE.

The Project Implementation arrangement is as illustrated in Figure 12 below:

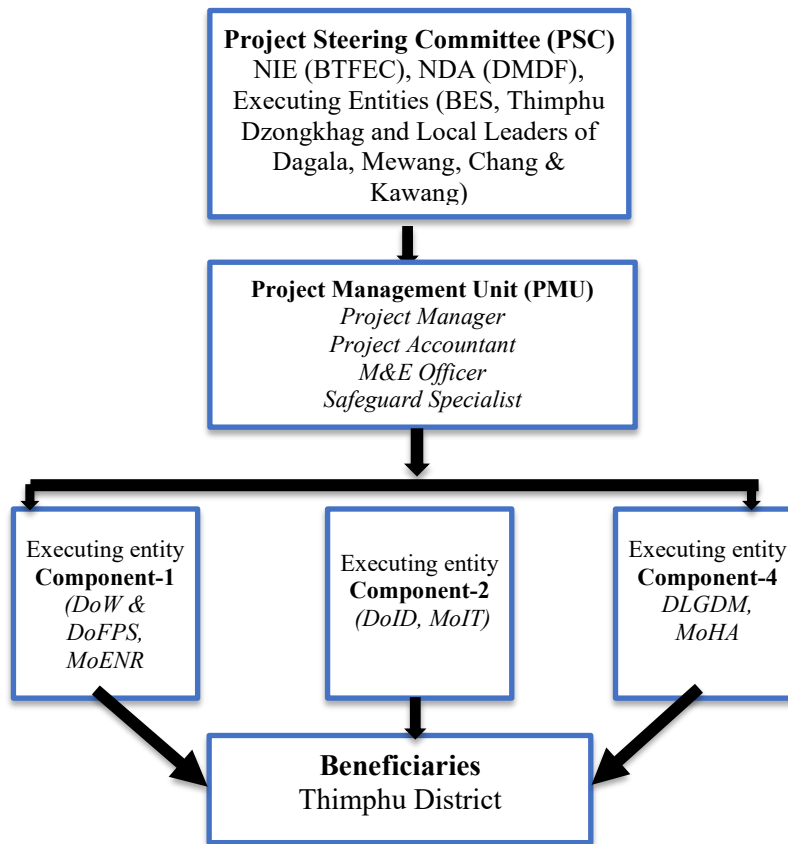


Figure 12: Project Governance & Implementation Modality

- B.** Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. In particular, specify how the project/programme is addressing structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups.

The anticipated effects of climate change will place additional pressure on ecosystem-based livelihoods and further challenge vulnerable groups. Thus, the project's primary focus will be on local-level adaptation, aiming to enhance benefits for exposed or sensitive communities and fostering positive changes at various levels.

Environmental Benefits

- The project is developed on the basic understanding that resilient and healthy ecosystems are fundamental to sustaining natural and human systems.
- The eco-restoration of degraded watersheds and catchments will enhance habitat quality and

biodiversity by safeguarding watersheds. This will help reduce instances of water sources drying up during extreme climate events like droughts.

- The strengthening of community-based water management groups/WUAs will foster collaboration between upstream and downstream communities, leading to stronger ownership and stewardship of the natural environment.
- Formalizing Water User Associations (WUAs) will improve efficient utilization and management of water resources, enabling systematic monitoring and better decision-making for effective recharge of catchment areas.
- Improved irrigation systems will minimize negative environmental impacts, such as landslides resulting from poorly maintained open irrigation canals.
- The introduction of technologies like hydro-pressure pipes will reduce water losses from uncontrolled spillages and evapotranspiration.
- Sustainable Land Management (SLM) / Ecosystem based solutions will combat topsoil erosion and land degradation, enhancing soil fertility and biodiversity.
- Improved adaptation planning at the local government level will empower communities to build climate resilience through better management of natural resources.
- Local government involvement will strengthen institutional channels for comprehensive water management from source to end-users.

Economic benefits

- Catchment protection will enhance the water availability in water stressed communities.
- Continuous water supply will reduce the economic burden on users seeking alternatives during erratic water availability, ultimately reducing vulnerability to risks of drying water sources.
- Increased incomes due to engagement in other economic activities related to ecosystem-based adaptation measures, and higher agricultural productivity, will alleviate poverty in vulnerable rural communities.
- More stable income will enhance the capacity of vulnerable groups to cope with the negative impacts of a warmer climate in their locality.
- Habitat enrichment within managed watersheds will enhance biological diversity and an increase in provisioning ecosystem services, such as a higher availability of NWFPs like mushrooms, and fiddlehead ferns, which are commonly harvested to supplement household income.
- The project will enhance the climate resilience of irrigation infrastructure, reducing the costs associated with climate change-induced extreme events and easing the burden on public resources from continuous recovery expenses.
- Improved irrigation schemes will boost agricultural productivity and income of households.
- Climate-resilient irrigation systems will provide a more flexible and reliable water supply, promoting diversification into higher-value crops.
- Catchment restoration reduces the downstream sediment load, which could otherwise hamper the efficiency of Bhutan's hydropower dams and constrain energy generation – a significant export for the country.
- Women empowerment in water governance and management will result in improved and gender-sensitive decisions concerning the protection and management of community and household assets, including those of vulnerable communities.

Social Benefits

- Women, facing heightened vulnerability to climate risks due to their engagement in household activities, will benefit from various social protection measures proposed in the climate resilience interventions in water for drinking and water and irrigation.
- Women and children especially will benefit from improved sanitation due to enhanced water availability.
- The integrated water resources management proposed for drinking and irrigation purposes is expected to increase water availability and foster dialogue among communities, ultimately reducing disputes over water in the long term. Currently, many water-related conflicts between communities in Bhutan have been resolved only through legal means, providing only partial contributions to social well-being.
- The formalization of Water User Associations (WUAs) will promote equitable sharing of water resources among community members, especially at the grassroots level, leading to inclusive decision-making in water governance and management.
- Active participation by community members in watershed management, and Sustainable Land Management (SLM) implementation is also anticipated to improve social capital within the community.
- The project will conduct assessments of existing policies and work towards creating a more inclusive and enabling policy environment, fostering coordination and collaboration among stakeholders, with increased participation from underrepresented groups.
- Inclusive participation in adaptation planning will shed light on the specific needs of marginalized groups, including women, children, and the elderly.
- As a result, the local climate resilience interventions planned at the local government (LG) level will promote the protection of economic and social rights by reducing vulnerability and supporting disaster risk reduction.
- The project aims to identify vulnerable and marginalized households in consultation with representatives from each beneficiary community during the first six months of implementation. These vulnerable groups include households in isolated settlements, communities without motorable access roads, households with only elderly members or without a labor force, households with very few members, households with no resident members, women, and households headed by divorcees. Recognizing the challenges these groups may face in actively participating in the project, such as community labor contributions, the project will ensure their inclusion by not requiring cash or labor contributions during implementation.
- Water infrastructure's operation and maintenance, developed by the project, will be managed by WUAs, with minor maintenance contributions from member households. The articles of association of the WUAs will include clauses granting community exemptions for contributions from vulnerable and marginalized groups. These articles of association will be developed with support from the Project Management Unit (PMU) and concerned dzongkhags during the project implementation and will emphasize equal access for all community members.

Avoidance/mitigation of potential negative impacts

- The Bhutan Trust Fund for Environmental Conservation (BT FEC) is mandated to promote environmentally sound and sustainable development in all its programs. Consequently, the screening of projects to identify potential negative impacts is an integral part of its internal processes. Given the nature of the intervention, which primarily focuses on environmental improvement and societal benefits, and the strict adherence to national regulations and standards (as outlined in section E), the risk of impacts is low.

- To better comprehend the potential effects of the proposed activities, specific studies will be conducted for each component, with particular emphasis on assessing environmental and social risks. Any identified risks, no matter how minor, will be accompanied by appropriate mitigation proposals. This approach is crucial, especially in a delicate environment with competing demands on natural resources.
- A detailed assessment of Gender within the targeted communities have not been done during the conceptual stage. However, to understand perspectives on gender within the targeted communities, some aspects of gender roles, gaps and challenges focused on water management were discussed during the consultation meetings with the local community representatives for the finalization of the priority adaptation actions. Discussions were held in the context of understanding that “Gender equality implies a society where men and women enjoy equal access and benefits related to social and economic aspects of water management. Some of the preliminary findings suggested that there were differences in the roles of gender in the targeted communities. Low participation by women in the WUAs and other local government functionaries were reported. Based on the available data with the Gewog administration, of the 322 households with 1510 beneficiaries for drinking water supply schemes under this project, 759 are women and 751 are male. For the irrigation water supply, a total of 254 households with a total population of 1038 will be benefited out of which, 574 are females and 464 are males. Presence of vulnerable and women led households were also reported. Most of the targeted project interventions would require some labour contribution and would have some impact on their livelihoods. The needs of these poor and marginalized households would have to be thoroughly reviewed during the community consultations. A comprehensive gender assessment will also be carried out during the full proposal development stage and a Gender Action Plan will also be developed to ensure that gender-related risks are managed, and project decisions are inclusive of all genders. All the concerns related to specific gender roles, socio-economic background, vulnerable households and participation of women in governance and the implementation of the project activities will be assessed during the comprehensive analysis. Recommendations for the risk mitigation for gender specific issues will also be highlighted in the detailed gender analysis report. To promote gender equity, a minimum of 30% women's participation will be guaranteed in project-related consultations, meetings, and training.
- Gender participation in the project activities during the project implementation will be monitored by the M& E officer under the PMU and the local monitoring committee.
- A project-level Environmental and Social Management Plan (ESMP) will also be developed at a later stage, considering the risks and impacts identified by the project stakeholders. The implementation of the ESMP will ensure that social and environmental impacts are mitigated or minimized, leading to no adverse environmental or social consequences from the project activities.
- During the initial six months of project implementation, the Gender Action Plan (GAP) and ESMP will be reviewed and revised by the Environmental Social and Gender (ESG) Expert. This revision will be based on the evolving project activity designs, particularly for the drinking water and irrigation schemes, as specific details emerge.
- To enhance community engagement, dedicated monitoring teams made up of residents will be established. These teams will be responsible for overseeing environmental changes, economic advancements, and social progress associated with the project.

C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.,

focusing on the implementation and execution arrangements, in particular the mechanism which will provide more direct access to finance.

- In the Bhutanese context, where natural resources hold a central position in society and the economy, Ecosystem-based Adaptation (EbA) emerges as the most sustainable and cost-effective method to enhance resilience and reduce vulnerability to climate change impacts⁹². EbA not only provides a foundation for human systems to flourish, primarily through vigorous provisioning services, but it also enhances resource management. For instance, employing a sound EbA approach, coupled with an integrated watershed management strategy, would eventually reduce water treatment costs at user ends. In terms of irrigation infrastructure development, the adoption of environmentally friendly and durable methods brings about a transformative impact in Bhutan,⁹³ particularly by enhancing agricultural productivity (given that over 60% of the population is engaged in agriculture) and improving public health. The project introduces climate-smart technologies and HDPE pipeline interventions for irrigation, which, over time, result in minimal maintenance costs and increased water usage efficiency by reducing conveyance losses. When compared to conventional concrete lining or structures for irrigation, which might seem initially cheaper, the climate-resilient approach through HDPE pipelines proves to be more cost-effective in the long run due to its extended lifespan, lower maintenance costs, and higher adaptability to climate risks, thus reducing potential environmental impacts. The construction of irrigation channels using conventional methods with cement concrete incurs higher initial investment than the HDPE pipes. For the concrete channel of the same size with the same discharge, the costs are estimated to BTN. 3558.44/- (~US\$ 43) per meter whereas HDPE pipes would cost BTN. 3152.87 (~US\$ 38) per meter. Open concrete channels also incur higher recurrent cost for clearing the clogged surfaces and other maintenance works. In addition, considerable time of the Water User Group members is required in clearing the channels. While the fusion welding process used for joining HDPE pipes creates a monolithic system that eliminates potential leakage points. The pipes also don't get blocked often and can be easily cleared. The concrete channels also require frequent recurrent maintenance due to leakages. Considerable funds are spent in routine maintenance works. While the HDPE pipeline is sustainable for at least 10-15 years reducing maintenance costs and adapting better to climate risks.

In addition, HDPE pipes are enclosed systems, which drastically reduces water loss due to evaporation, a common issue faced by open concrete channels. The detailed cost comparison analysis done by the District Engineers is provided as Annexure 4.

- Various types of land degradation in Bhutan, particularly water-induced degradation such as gullies, landslides, and ravine formation, significantly impact agricultural productivity and livelihoods. With the project's support on Ecosystem-based solutions, such as eco-restoration plantations, spring revivals, contour trenching, check dams, etc. surface runoff and soil erosion will be mitigated, leading to improved soil fertility and moisture retention. To address challenges faced by farmers in implementing SLM/Ecosystem-based interventions, alternative approaches such as informal labor-sharing groups and community mobilization have proven successful and are being replicated in other areas.
- Climate-related extremes like heat waves, droughts, floods, and wildfires have exposed ecosystems and human systems to current climate variability, making them vulnerable. The

⁹² Department of Environment and Climate Change (2023). National Adaptation Plan for the Kingdom of Bhutan.

⁹³ World Bank (2019). Climate Smart Agriculture-Country Profile

Bhutan. <https://climateknowledgeportal.worldbank.org/sites/default/files/2019-06/CSA-in-Bhutan.pdf>

project aims to enhance resilience by strengthening community-based forest fire management groups to minimize the impacts of climate-induced disasters, particularly forest fires.

- Furthermore, the expected results align with existing national plans, such as the target to ensure 24/7 safe and reliable drinking water supply for every household. However, current means are insufficient to meet all the country's needs, and the proposed project seeks to address this gap.

D. Describe how the project / programme is consistent with national, sub-national and local sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national, sub- national or local development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

The following table highlights the relevant national, subnational strategies, policies, plans and instruments aligned with this project proposal.

Name of strategy / policy / plan (Year)	Alignment with the proposed project
National Adaptation Plan (NAP) of the Kingdom of Bhutan 2023	Amongst other, NAP recognizes the vulnerabilities in water, agriculture and forest and biodiversity sector to the impacts of climate change. It highlights the need to promote climate smart and resilient agriculture and livestock development, sustainable forest management and conservation of biodiversity and securing and managing natural sources of water to ensure optimal use and management of water for drinking and irrigation.
13th Five Year Plan	Aligns with the output 4 “Ecological Services enhanced, and climate resilience strengthened “of the 13 FYP and KPIs as “% of the population supplied with reliable, clean and safe water for drinking and irrigation” .
Climate Change Policy of the Kingdom of Bhutan 2020	Aimed to provide guidance to achieve a climate resilient and carbon neutral economy that contributes to gross national happiness and ensures a continued participation of relevant stakeholders in climate change action.
National Environment Strategy (NES), 2020	Proposes improving access to safe drinking water and sanitation and implementing integrated water resources management.
Bhutan Water Policy 2007	Focused on sustainable and equitable use of water resources while preserving their environmental, social, cultural, and economic values.
Water Act of Bhutan 2011,	Ensure protection, conservation, and management of water resources in an economically efficient, socially equitable, and environmentally sustainable manner.
Water Regulation of Bhutan 2014	Aimed at enforcing the objectives and purpose of the Water Act and identifying roles and responsibilities of designated Competent Authorities and other relevant organizations.

National Forest Policy of Bhutan 2011	Aimed at sustainable management of resources and biodiversity for the benefit of all citizens and the natural environment, maintaining a minimum of 60% of the land under forest cover.
National Irrigation Policy of Bhutan (revised 2012)	Providing policy direction in the irrigation sub-sector to address its current and future issues. It provides clear direction on the measures that need to be adopted to increase the irrigated area and to improve irrigation water management and optimal utilization of national water resources for crop production.

- E. Describe how the project / programme meets relevant national technical standards, where applicable such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund. Also describe, as needed, how the project/programme will provide support to local actors and build their capacities to comply with the standards.

The implementing entities are fully dedicated to adhering to all legislation and applicable environmental and social requirements. The overall project activities will be conducted in accordance with the mandates of the National Environment Protection Act 2007. Additional compliance requirements, specific to each project component, are described below:

To achieve the intended goals of the enhancing resilience of ecosystems through restoration plantations, the provision in the following acts and guidelines will be followed:

- Forest and Nature Conservation Act of Bhutan, 2023
- Forest and Nature Conservation Rules and Regulations of Bhutan 2023
- Forest and Nature Conservation Code of Best Management Practices 2020
- Bhutan Water Act 2011
- Water Regulation of Bhutan 2014
- Bhutan Drinking Water Quality Standards 2016

For all EbA and SLM interventions, the following guidelines and modalities will be followed:

- Norms and Standard for Nursery and Plantation (revised version 2020, Ministry of Agriculture and Forests (MoAF))
- Rapid Watershed classification guidelines
- Watershed Management Guidelines
- Six-step protocol for spring shed revival

Regarding the infrastructure development for improved access to drinking and irrigation water, larger-scale constructions will require environmental and social clearance, starting with an Initial Environmental Examination (IEE) submitted to the competent authority prior to the execution of the proposed activity.

Furthermore, water resource extraction must align with the Water Act of Bhutan 2011 and water regulations, which define environmental flow requirements and BDWQS 2016. The proposed

irrigation activities will be in line with the National Irrigation Plan and the National Water Flagship Programme.

Activities aimed at promoting sustainable management of water resources and enhancing water governance will be aligned with the following:

- The Constitution of the Kingdom of Bhutan 2008, which mandates every Bhutanese citizen to act as a trustee of the country's natural resources and environment for the benefit of present and future generations.
- Land Act 2007, which manages, regulates, and administers land ownership and use for socio-economic development and environmental well-being through efficient land administration and ecosystem conservation.
- Agriculture and Land Development Guideline 2017, which establishes a common approach and practices for Agriculture Land Development (ALD) and assists stakeholders in planning, implementing, monitoring, and evaluating ALD programs and activities.
- National Environment Protection Act 2007, providing for the conservation and protection of the environment through the National Environment Commission or its successors, with designated competent authorities and advisory committees ensuring sustainable development.

The project's main objective of building resilience to climate change and enhancing adaptive capacity for water-stressed communities in Thimphu aligns with all relevant water-related regulations, policies, and guidelines.

Throughout the project implementation, the implementing entity and other executing entities must adhere to the standards of the implementing agency. The project fully complies with various laws related to its activities, including environmental, agricultural, and water resource acts, and relevant laws. The direct involvement of related line ministries and local authorities further strengthens compliance and alignment with national laws, policies, and guidelines.

The primary aim of the project is to provide water for drinking and irrigation, implement EbA activities while enhancing ability of the communities to design, implement, monitor, and manage the project effectively. During the full proposal development stage, it will be ensured that all the implementation activities are in accordance with relevant legal, technical and administrative requirements. It will be ensured that the project will adhere to Environmental and Social Policy of the Adaptation Fund. While the activities under the project will require compliance to relevant policy, legislation and standards, these compliance requirements will be specific to site and activities. During the full proposal development stage, based on detailed stakeholder consultations, field surveys and designs, compliance framework will be developed, and legal, technical and administrative clearances will be sought to ensure compliance.

Line agencies have been consulted during project concept design and development through stakeholder consultations to ensure that activities comply with relevant national standards. Additionally, all project activities related to infrastructure development will undergo environmental and social clearance. The project will receive guidance or required authorizations, clearances, and licenses through different agencies at the local government level or central agencies, as per the established delegation of power for environmental clearance. These clearances will come with conditions to ensure environmental and social safeguards."

As part of the capacity building program to the Gewog and Dzongkhag functionaries, under component 3, specific capacity building program on monitoring and evaluation is included. This M&E training program for the local leaders and community representatives will include specific modules on the

financial management, standards for civil works, the Bhutan Schedule of Rates-2023, Environmental Clearance, Forestry Clearance, Social and Environmental Safeguards, and Gender.

- F. Describe if there is duplication of project / programme with other funding sources, if any. Describe how the project/programme will ensure coordination of different initiatives, sub-projects and small grants towards a common goal, enhances collaboration across sectors and outlines how activities avoid duplication and enhance efficiencies and good practice.

The Ministry of Finance (MoF) serves as the central planning and coordination body of the Royal Government of Bhutan (RGoB). Its primary responsibility is to ensure that all development activities within the country align with the government's priorities and avoid any duplication between project interventions. Regardless of the implementing agencies involved, any external or internal funding directed towards Bhutan must pass through the MoF. This proposed project complements some of the ongoing and forthcoming projects funded through the Green Climate Fund (GCF), Global Environment Facility (GEF), and GEF Least Developed Countries Fund (GEF-LDCF).

The Ministry of Finance (MoF) acts as the central coordinating agency, ensuring effective collaboration and non-duplication between projects by utilizing existing practices like the national and annual implementation performance agreements of various agencies. As the National Designated Authority (NDA) and Designated Authority (DA) to the Green Climate Fund (GCF) and Adaptation Fund (AF) respectively, MoF ensured systematic coordination of projects, primarily through the Project Management Unit (PMU) coordination. This approach facilitated enhanced cooperation and minimized redundancy across the projects.

Name of project / programme	Details of the project	Date project started / planned start date	Details of synergy/Type of partnership	Mitigation methods to prevent duplication
Supporting Climate Resilience and Transformational Change in the Agriculture Sector project	Supports resilient agricultural practices in 8 Dzongkhags of Dagana, Tsirang, Sarpang, Punakha, Wangdue, Zhemgang, Trongsa and Samtse.	2020	Knowledge sharing	Project site is different.

<p>Securing Ecological Connectivity of High Conservation Value Areas (HCVAs) in South-Western Bhutan</p>	<p>The programme secures biodiversity and ecosystem services in South-Western Bhutan (includes Thimphu District) outside the protected area system. It supports the government at national and sub-national level in identifying High Conservation Values (HCVs) in the programme landscape and promotes their integration in official land use plans. It addresses two key challenges for the livelihoods of local communities: Securing water resources/ water supply and mitigating human wildlife conflicts.</p>	<p>2020</p>	<p>Collaboration & Knowledge sharing</p>	<p>The proposed activities and sites are different.</p>
<p>Bhutan For Life</p>	<p>Covers a wide range of projects across all sectors such as environmental conservation, human wildlife conflict, enhancing community livelihoods, and climate change adaptation and mitigation. The Bhutan for Life Program covers 10 Protected Network Areas (PAs), and 8 Biological Corridors (BCs) with a total of 51.4 % forest cover in Bhutan.</p>	<p>2019</p>	<p>Collaboration & Knowledge sharing</p>	<p>No duplication of activities</p>

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned and how this contributes to building and institutionalizing local capabilities. Provide details on managing traditional and/or indigenous knowledge, where relevant.

The project recognizes the significance of knowledge management in ensuring the long-term success of climate change adaptation goals. It aims to document and share valuable information and knowledge gathered throughout its implementation to facilitate broader communication and dissemination of project lessons and experiences. This sharing will support the replication and scaling-up of successful project outcomes.

To achieve this, the project will establish and enhance the existing knowledge management system and implement appropriate communication models to disseminate information on climate change adaptation. Key lessons learned and best practices will be well-documented for wider dissemination through various platforms, including meetings, social media, and publications.

The project will promote knowledge exchange mechanisms through study visits among communities and organizations, fostering capacity building to enhance understanding and implementation of adaptation measures. The potential outputs of this knowledge management endeavor encompass evaluation materials, improved data management, enhanced interpretation and dissemination capacity, policy information sharing and mainstreaming, cross-cutting capacity building, and success stories.

Through systematic documentation, the project aims to make accumulated information and knowledge easily accessible to future project implementers, facilitating the replication of successful experiences in similar projects. Furthermore, case studies and technical reports will be compiled to capture the lessons learned and best practices, making them available for national and international meetings.

The project will develop a targeted communication strategy to publish and share functional achievements emanating from project activities and knowledge-sharing events. Social media, the official website, and government portals will be used as platforms for dissemination. Local people at the grassroots level will be involved to enhance the transfer of technical knowledge from experts to the community, meeting future skill requirements for project maintenance.

During the full proposal development phase, traditional ecological knowledge from the project sites will be gathered through participatory research methods. This knowledge and associated practices will be evaluated for their potential incorporation into the wider EbA strategies during in-depth community consultations and the identification of targeted EbA actions within the communities.

Key lessons learned from past and ongoing Sustainable Land Management (SLM)/Ecosystem based solutions will be considered during project design and will be adopted during implementation. These include the use of participatory EbA & SLM action planning to enhance community ownership and commitment, the implementation of EbA & SLM measures through group approaches to leverage labor resources and generate social co-benefits, and the adoption of a focused approach rather than spreading resources too thinly to achieve impactful results. Additionally, the project will support long-term SLM/Ecosystem based Solutions interventions with short-term benefits to mitigate opportunity costs for landowners and resource-poor farmers, ensuring tangible benefits are experienced during the project period.

Concurrently, the proposal will also include specific plans for community-based monitoring systems. Additionally, the establishment of effective feedback mechanisms within the communities will be integrated into the full proposal.

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project

preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. Provide details on how the consultative process considered and addressed gender-based, economic and other inequalities and encouraged vulnerable and marginalized individuals to meaningfully participate in and lead adaptation decisions.

The project's concept was carefully crafted through extensive engagement with relevant stakeholders and partners. The initial concept of the proposal was presented by the Bhutanese Ecological Society (BES) to the Ministry of Finance (Designated Authority) and the Bhutan Trust Fund for Environmental Conservation (NIE) for the Adaptation Fund. The DA expressed its support for the overall concept and granted approval for the development of the concept proposal for the Local Level Administration (LLA). The National Implementing Entity (NIE), BTFEC collaborated with the Bhutan Ecological Society to form a Core working group for the AF-LLA Concept proposal development. The Core Working Group presented the draft project concept to the Department of Macro-Fiscal and Development Finance (DMDF), Ministry of Finance, Designated Authority to further refine the interventions necessary to address urgent adaptation needs and align with the 13th FYP. A concept note was developed after consultation with the DA. The three components were aligned with the National Key Result Areas of the 13th Five Year Plan (FYP). Following this, a stakeholder meeting was convened with relevant sectoral agencies and representatives from the Gewog and Dzongkhag. During discussions with officials from the Thimphu Dzongkhag Administration and local leaders from the gewogs of Kawang, Mewang, Chang, and Dagala, specific target communities and detailed intervention actions aimed at improving drinking water and irrigation infrastructure were identified. Additionally, the project will incorporate the USP as part of broader EbA initiatives within these communities. The specific activities for the project will be determined through comprehensive and inclusive consultations with the communities during the full proposal development phase. The budget for the same is included in the PFG. During the consultation process, strengthening the roles of local level organization such as the Bhutan Ecological Society, and Local governments were raised. Initially, consultation meeting agreed, PMU to be housed at one of the government agencies. The Bhutan Ecological Society to house the PMU given their experience in grassroots communities engagement to enhance climate adaptation implementation at local level and to build their capacity was endorsed as per the LLA principles. Communities also raised voice for the need of gender inclusion to empower capabilities of gender and incorporated into the concept note. In terms of technologies for irrigation, local communities suggested to go for HDPE pipes rather than constructing the concrete channels. For the drinking water, a robust climate resilient and efficient design and infrastructure was also suggested by the community representatives - Gup (local leaders) and Geog (Local) Administrative Officers. The local representatives also recommended to look for a sustainable drinking water and irrigation source during the initial planning stages. These recommendations and feedbacks from the consultation meeting with both national and local stakeholders were incorporated into the final project concept note.

The revised final LLA concept considering LLA principles, discussion and feedbacks from the consultations were presented to the key stakeholders and finalized for submission.

The details of the consultative process and events are highlighted below and in following Table:

→ **31st June 2023: Initial discussion on the LLA funds with National Implementing Entity (NIE) -BTFEC**

- Initiate discussion on BES support for project co-design with BTFEC
 - Availability of EDA(LLA) funds for Bhutan
 - Discussion on Climate resilient agriculture and Small Holder farmers in Bhutan concept
 - Draft project concept on enhancing water security in Thimphu District
- **7th July 2023: AF-LLA-Core Group Meeting at the Bhutan Ecological Society, Thimphu**
- Update on the AF-EDA process by BTFEC
 - Presentation of the project concept by Bhutan Ecological Society
- **17th July 2023: Consultation with Designated Authority (DMDF), Ministry of Finance**
- Endorsement of the project draft concept
 - Discussion regarding the Endorsement Letter
 - Alignment of the project interventions with the 13th FYP and priority areas
- **7th August 2023: Consultation among Designated Authority (DMDF), Ministry of Finance, National Implementing Entity (NIE), Bhutan Trust Fund for Environmental Conservation (BTFEC) & Executing Agency, Bhutan Ecological Society (BES)**
- Presentation of the project concept with project sites
 - Finalization of the project intervention components
 - Finalization of the project sites
 - Further endorsement of the project concept
- **11th August 2023: Consultation on LLA concept, implementation modality and formation of project Task force**
- **15 August 2023: Debriefing to the Task force (led by NIE) - 15th August 2023**
- Approval to provide letter of endorsement by Designated Authority
 - Finalization of concept note by executing entities, Designated Authority, National Implementing entity.
 - Coordination arrangements for development of full-blown project proposals by BTFEC.
- **16 August 2023: Task force consultation meeting to finalize the project concept note**
- **29 November 2023: Meeting with Thimphu District, Department of Water, Department of Infrastructure & Development, Department of Agriculture and Department of Forest & Park Services**
- Discussed and finalized landscape as Thimphu District.
 - Reviewed and finalized project components and activities.
- **6th June 2024: Meeting between Adaptation Fund Board Secretariat and National Implementing Entity Revision**
- Revision of EDA proposal and fit in the LLA template
- **10 June 2024: Meeting with all the stakeholders of project among Local Communities, National Implementing Entities, Designated Authority and Executing Agencies**
- NIE presented on the outcome of June 6th meeting with Adaptation fund Board Secretariat

Presented on the new LLA funding Window principles and process

- **18 June 2024 Meeting with Local (Gewog) leaders and communities of four gewogs**
 - Identifying activities derived from the process and principles of Locally Led Adaptation.
 - Reviewed and finalized program and project components.
 - Implementation arrangement
 - Fund Flow Mechanism

- **27 June 2024: Meeting among Bhutan Trust Fund for Environmental Conservation (NIE), Department of Marco fiscal and Development Finance (DA) and Bhutan Ecological Society (PMU)**
 - Finalized project concept Note

SL. #	Programme	Stakeholders	Date of consultation	Outcome of Consultation
1	AF-EDA-Core Group Meeting at the Bhutan Ecological Society	Bhutan Ecological Society and Bhutan Trust Fund for Environmental Conservation	7th July 2023	Project idea presented to NIE
2	Consultation with Designated Authority (DMDF) Ministry of Finance	Bhutan Ecological Society, Bhutan Trust Fund for Environmental Conservation and Department of Macro Fiscal and Development Finance	17 July 2023	Endorsement of the project draft concept
3	Writershop for EDA Concept Note Development with stakeholders	Bhutan Ecological Society, Bhutan Trust Fund for Environmental Conservation and Department of Macro Fiscal and Development Finance	7 August 2023	Finalization of draft concept note
4	Consultation on EDA concept, implementation modality and formation of Project Task force	Bhutan Ecological Society, Bhutan Trust Fund for Environmental Conservation, Department of Macro Fiscal and Development Finance, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of Environment and Climate Change and Thimphu District	11 August 2023	Briefing and finalization of Project programme and activities by relevant stakeholders /executing entities
5	Task force consultation meeting to finalize the project concept note	Thimphu District, Bhutan Ecological Society, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of	16 August 2023	Finalization of the project concept note

SL. #	Programme	Stakeholders	Date of consultation	Outcome of Consultation
		Environment and Climate Change, Department of Macro Fiscal and Development Finance		
6	Consultation with Stakeholders	Thimphu District, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of Environment and Climate Change and Department of Infrastructure and Development.	29 November 2023	Project landscape, activities and components finalized
7	Call between Adaptation Fund Board Secretariat and Bhutan Trust fund for environmental conservation	Adaptation Fund Board Secretariat and National Implementing Entity	6th June 2024	Revision of EDA proposal and fit in the LLA template
8	Presentation on LLA funding window and convey decisions of the 6th June 2024 virtual meeting with the Adaptation Fund Board Secretariat	Gups of 4 Gewogs (Local) communities, Thimphu District, Bhutan Ecological Society, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of Environment and Climate Change, Department of Macro Fiscal and Development Finance	10th June 2024	NIE presented the outcome to all the stakeholders of the June 6th meeting with Adaptation fund Board Secretariat and decided on a way forward to incorporate concept notes submitted under EDA to LLA.
9	Presentation and consultation on LLA principles and process and revision of EDA into LLA concept note	Gups of 4 Gewogs (Local) communities, Thimphu District, Bhutan Ecological Society, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of Environment and Climate Change, Department of Macro	18th June 2024	Presented on the new LLA funding Window principles and process. Reviewed and finalized activities,

SL. #	Programme	Stakeholders	Date of consultation	Outcome of Consultation
		Fiscal and Development Finance		outputs, components, fund flow mechanism and implementation modalities keeping in line with the LLA process
10	Finalization of LLA concept note	Gups of 4 Gewogs (Local) communities, Thimphu District, Bhutan Ecological Society, Department of Water, Department of Agriculture, Department of Forest and Park Services, Department of Environment and Climate Change, Department of Macro Fiscal and Development Finance	27th June 2024	LLA concept note finalized together with all local and central stakeholders.

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

Bhutan is a land-locked country situated in the delicate mountainous terrain of the Eastern Himalayas. Owing to a combination of political, geographic, and social factors, Bhutan ranks as the 38th most vulnerable country and the 62nd most prepared country on the ND-GAIN Matrix.⁹⁴ This indicates that while Bhutan is on the path to effectively respond to climate change, its adaptation needs and the urgency to act are still significant. Various other international sources have also classified Bhutan as vulnerable to climate change.

Bhutan's economic size is relatively small, with a GDP of only USD 2.2 billion. The financial market is underdeveloped, and the country's access to global financial markets is limited due to its small economy. The COVID-19 pandemic has further exacerbated the situation, leading to a sharp decline in domestic revenue, with further declines projected for the next two fiscal years (2022-23). The GDP growth has also significantly declined, reaching negative 10.08%, and the fiscal deficit is projected to be negative 8.59% of GDP in 2021-22. Bhutan's debt as a percentage of GDP has increased in recent years, from 114.2% in 2018-2019 to 138.8% in 2020-2021⁹⁵. The limited government revenue hampers potential government investment, and Bhutan heavily relies on external grants, which are expected to decrease sharply due to front-loading. The export of hydroelectricity to India accounts for 20% of

⁹⁴ <https://gain-new.crc.nd.edu/country/bhutan>

⁹⁵ *Bhutan - Country Partnership Framework for the Period FY2021-24 (English)*. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/620541608337280651/Bhutan-Country-Partnership-Framework-for-the-Period-FY2021-24>

Bhutan's GDP and has played a significant role in its economic achievements. However, around 77% of Bhutan's external debt is associated with hydropower projects, raising concerns about the sustainability of these projects.⁹⁶

Being a small country with a small market and population, Bhutan faces challenges in accessing various sources of finance, particularly private sector finance, due to perceived high risks for private investments. The government's budget for addressing climate change and energy-related challenges is limited, and the country's financial markets are not mature enough to attract significant private investments. While Bhutan prioritizes climate efforts and progresses, it faces constraints in terms of cost and technology. Funding for softer climate change programs involving capacity building, institutional strengthening, and technical assistance for policy or strategy development is more accessible. However, securing adequate financial support for the implementation of these programs, policies, and strategies remains a serious challenge.

In this context, the AF-LLA grant can play a crucial role in addressing these challenges and facilitating further investments in climate change adaptation.

The results and outputs of the project are closely aligned with the Adaptation Fund's results framework, contributing directly to the overarching objectives and outcomes specified in the Adaptation Fund's Strategic Results Framework. Specifically, project outcomes 1, 2, and 3 correspond with outcomes 3, 4, and 5 of the Adaptation Fund, and these alignments have been detailed in the project component descriptions. Project Outcome 1: The enhancement of ecosystem resilience in response to climate change and variability-induced stress corresponds with AF Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress. Ensured access to irrigation and reliable drinking water aligns with AF Outcome 4: Increased adaptive capacity within relevant development sector services and infrastructure assets. The increased resilience of local communities to climate change, achieved through improved capacity in adaptation planning and implementation, aligns with AF Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at the local level.

- J.** Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme. In particular, describe how the project/programme supports long-term development of local governance processes, and improves the capacity of local institutions (including through simpler access modalities), and how it can ensure that communities can effectively implement adaptation actions, facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.

The long-term sustainability of project outcomes will be ensured based on the following:
The project activities will be integrated into existing systems by aligning the activities with the 13th Five-Year Plan (FYP) objectives and the Water Flagship Programme. Additionally, in accordance with the Water Act of Bhutan 2011, the formation/strengthening of Water User Associations (WUAs) is proposed as part of the project to ensure the sustainability of the scheme. After project finalization, the operation and maintenance aspects of the scheme will be integrated into local government plans, thus institutionalizing the WUAs' role.

⁹⁶ Namgyel, T, Gebreyes, BY and Tenzing, J (2018) From global ambition to country action: Bhutan steps towards low carbon climate resilient development. IIED, London. <http://pubs.iied.org/10195IIED>.

Different collaborating agencies from the national level, local governments and CSOs are responsible for managing various project components as they possess qualified and capable human resources for executing the tasks. These agencies have robust governance and financial systems in place, and thorough due diligence will be exercised to manage the project effectively.

RGoB Commitment and Ownership: The Ministry of Energy, Environment and Natural Resources (MoENR) is the Competent Authority for irrigation, watershed, and wetland management and the Ministry of Infrastructure and Transport for the water supply schemes through providing technical backstopping such as designs and cost estimation. The Department of Forests and Park Services (DoFPS), collaborates with stakeholders to categorize and develop management plans for watersheds and spearheads formation of the Community based Forest Fire Management Groups. Similarly, the Ministry of Energy, Environment and Natural Resources (MoENR) and Ministry of Infrastructure and Transport oversees the planning and management of drinking water supply and wastewater infrastructure in coordination with local governments. Both ministries are mandated to secure adequate budgets for the maintenance and recurring costs of irrigation and drinking water supply schemes including technical backstopping in design and costing.

The relevant line Ministries and Departments are involved as members of the Task Force in the formulation of the concept and identified as the Executing Entities. Thus, all these agencies are responsible for providing necessary policy, financial and technical support. To ensure responsibilities and sustainability, provisions will be included in the Subsidiary Agreement of the project that will be signed between the NIE and the Royal Government.

Further, the current Water User Associations (WUAs) operate under local bylaws that have been developed in collaboration with community members and subsequently approved by the Gewog. These bylaws are designed to promote sustainability by enhancing the capacity of water users to manage and maintain resources, which is facilitated through the collection of minimal fees from community members. Furthermore, annual budgeting will be secured upon request from local communities through the Ministry of Energy and Natural Resources and the Ministry of Finance in accordance with the national budgeting framework of the country

Institutional Sustainability: The project's institutional arrangements are built upon existing RGoB systems, program management, fund flow, accounting, and reporting. It supports the strengthening of capacities and organizational structures within MoENR and MoIT to ensure the resilient ecosystems and uninterrupted supply of drinking and irrigation water.

Participatory Action Planning and Community Ownership: The project encourages participatory village-level action planning and implementation through farmers' groups and community involvement to foster ownership of project interventions. Capacity development investments ensure the achievement of project results and sustainability beyond the implementation period.

Extension and Technical Support Services: The Divisional Forest Offices and Regional agriculture research and development centers (ARDCs) and local governments provide extension and technical support services, promoting responsiveness to farmers' needs and increased accountability. The project enhances the capacity of relevant officials, enhancing in-house expertise.

Research institutions such as the National Soil Service Center (NSSC), Agriculture Research Development Center (ARDC) and Ugyen Wangchuck Institute for Forestry Research and Training (UWIFoRT) possess extensive knowledge and expertise in areas including sustainable land

management, ecosystem restoration, sustainable water resource management, and the design of irrigation systems. To ensure the effective implementation of Ecosystem-based Adaptation (EbA) interventions and sustainable water resource management, these institutions will be consulted for their technical expertise. The regional office of the Department of Forests and Park Services and the Department of Water will primarily facilitate activities related to watershed and spring-shed management, as well as the restoration of degraded watersheds. In instances where restoration involves planting, the Forest Offices will offer technical guidance and recommend suitable species for planting.

Financial Sustainability: Infrastructure development and maintenance, including eco-restoration and EbA & SLM initiatives, will be mainstreamed into central and local government plans and programs. The RGoB allocates budgets annually to agencies involved in eco-restoration and SLM activities, ensuring post-project sustainability and scalability. Many communities in Bhutan are experiencing comparable challenges regarding the availability of water resources. Bhutan's National Adaptation Plan 2023 places significant emphasis on water management as a key priority. Most adaptation initiatives will focus on the conservation of drinking water sources, the improvement of water supply systems, and the enhancement of irrigation facilities. Given the successful execution of these initiatives and the resulting economic and social advantages in the targeted communities, there is potential for these strategies to be effectively expanded to other areas.

Community based WUA Engagement: After project completion, the WUAs will take on the responsibility of the operation and minor maintenance activities, while major maintenance beyond their capacity will be supported by local governments through inclusion in the annual budgeting. Relevant agencies will continue to provide technical support to the WUAs.

According to the Local Government Act of Bhutan 2009, a portion of the national revenue is designated for Local Governments to promote self-sufficiency and sustainability. Consequently, Local Governments are granted annual funding from the Royal Government to implement planned programs, activities, and to oversee the management and maintenance of existing service infrastructures and service delivery. At both the Gewog and Dzongkhag levels, Local Governments possess the authority to allocate budgets for priority initiatives that enhance community welfare. For minor upgrades and repairs at the community level, Water User Associations (WUAs) operate independently, managing day-to-day activities related to drinking water and irrigation supply within the community. These WUAs maintain a joint bank account where funds generated from member fees and any contributions from households are collected and managed. The WUA management committee is empowered to utilize these funds for minor maintenance and improvements. Additionally, based on a majority decision among members, a portion of the budget may also be allocated for community rituals and other activities that benefit the community.

To strengthen the capabilities of local communities, selected members of the Gewogs will undergo training in financial management, aimed at promoting sustainability and effective resource allocation. Similarly, training on project management and financial management is proposed for the local leaders, WUAs and other local institutions.

The Local Government Act of 2009 grants authority to the Gewog Development Committees (Local Committees) to establish and enforce regulations aimed at safeguarding the health, safety, and well-being of Gewog residents. These committees are responsible for managing and distributing safe, clean drinking water from water supply systems, as well as overseeing the allocation of irrigation water in compliance with applicable laws.

To advance sustainable water management, Bhutan has implemented the National Integrated Water

Resource Management Plan 2016. This plan guides activities related to sustainable water resource management at both national and local levels. Various sectors are also engaged in promoting strategies for sustainable water management, such as drip irrigation within climate-smart agriculture, optimizing irrigation systems, and reducing water waste. Component 3 includes capacity-building initiatives for climate-smart agriculture and water resource management, along with specific modules focused on sustainable water resource management, irrigation system optimization, and strategies to minimize water wastage.

By implementing the project on these sustainable bases, it aims to secure the long-term success and effectiveness of the interventions even after the project phases out.

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

Following the provisional risk identification through consultation with relevant national and local stakeholders through screening of the project risk by each output that are relevant to 15 AF ESS principle, project risk category has been determined as Category B since the likelihood of risks is Moderate. The likely impact from such risks are minor, site specific and manageable. Environment, social and provisional risk categorization included in the revised concept note. However, detailed ESS consultation with local beneficiaries including relevant technical line agencies will be thoroughly conducted during full proposal development stage complying with ESG Policy of the fund.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
<i>Compliance with the Law</i>		Moderate Risk (Category B) Need further assessment. Monitoring systems will be in place.
<i>Access and Equity</i>		Moderate Risk (Category B). Need further assessment on equitable sharing of project benefits.
<i>Marginalized and Vulnerable Groups</i>		Moderate Risk (Category B). Need further assessment on participation of women in local governance and community user groups and gender differentiated roles in the target communities.
<i>Human Rights</i>	✓	
<i>Gender Equality and Women’s Empowerment</i>		Moderate Risk (Category B). Need further assessment on ensuring women participation in project activities.
<i>Core Labour Rights</i>		Moderate Risk (Category B). Need further assessment on ensuring compliance to

		labour rights.
<i>Indigenous Peoples</i>	✓	
<i>Involuntary Resettlement</i>		Moderate Risk (Category B) : Need further assessment to ensure that as a result of infrastructure construction or clearing of way farmers cultivated land and their settlement is not impacted
<i>Protection of Natural Habitats</i>		Moderate Risk (Category B). Need further assessment to ensure that invasive alien species are not planted, and only native species of plants are used for plantation.
<i>Conservation of Biological Diversity</i>		Moderate Risk (Category B) : Need further assessment to ensure e-flow in streams.
<i>Climate Change</i>		Moderate Risk (Category B). Need assessment to ensure climate smart design and infrastructure.
<i>Pollution Prevention and Resource Efficiency</i>		Moderate Risk (Category B). Need assessment to ensure compliance to provisions of the environmental clearance.
<i>Public Health</i>		Moderate Risk (Category B). Need assessment to ensure adherence to occupational health and safety standards.
<i>Physical and Cultural Heritage</i>	✓	
<i>Lands and Soil Conservation</i>		Moderate Risk (Category B). Need assessment to restore any exposed soil and prevent water pipe leakages due to project activities.

The proposal also includes sub-projects that are not fully defined, as the specific Ecosystem-based Adaptation (EbA) interventions remain undetermined. Potential EbA strategies may include check dams, protection of springs and water sources, trenching for watershed management, and restoration of plantations. The precise design and location of these interventions will be established based on community needs and will be finalized during ongoing consultations as the proposal is further developed.

The ultimate choice of Sustainable Land Management (SLM) and watershed improvement activities will adhere to established SLM and Watershed Management guidelines. These initiatives are scheduled for the initial six months of project execution. Once the interventions are prioritized and their designs and locations are confirmed, the Environmental and Social Management Plan (ESMP) will be updated. An environmental and social expert will oversee the risk assessment in accordance with the 15 Adaptation Fund principles and will make necessary revisions to the ESMP. The Project Management Unit (PMU) will then obtain specific clearances from relevant agencies prior to the commencement of implementation.

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

A. Record of endorsement on behalf of the government⁹⁷


Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

<p><i>(Enter Name, Position, Ministry)</i></p> <p style="text-align: center;">Mr. Tshering Dorji Director, Department of Macro-Fiscal and Development Finance Ministry of Finance</p>	<p style="text-align: center;"><i>Date: (Month, day, year)</i></p> <p style="text-align: center;">June, 21, 2024</p>
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B. Implementing Entity certification

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address.

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (National Adaptation Plan, 13th Five Year Plan of Royal Government of Bhutan and Adaptation Fund's New funding window of Locally Led Adaptation) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

<i>Name & Signature</i>	
Dr. Karma Tshering, Managing Director	
Implementing Entity Coordinator	
Date: <i>(Month, Day, Year)</i> June 27, 2024	Tel. and email: +97517162393 karma@bhutantrustfund.bt
Project Contact Person: Kinley Tshering, Chief Program Officer	
Tel. and Email: +97517113866 kinley@bhutantrustfund.bt	

⁹⁷ Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

Annexure 1: Project Results Framework

Table 1: Results Framework

Table 1: Results Framework	
Project Objectives	Indicators
1.Increased resilience of ecosystems to ensure natural capacity for water infiltration, recharge and water buffering	1.Area (Ha) of degraded ecosystems restored in vulnerable watersheds within Thimphu District
2. Enhanced Sustainable Water Resource Management in vulnerable communities	1.No. of villages with enhanced access to safe and clean drinking water and resilient irrigation systems
3.Strengthened capacity of local communities to adapt to climate change in vulnerable watersheds in Thimphu district.	1.Number of communities with improved climate-related planning and policy frameworks in place
Outcome 1: Increased ecosystem resilience in response to climate change and variability-induced stress.	
Output 1.1 Water Resource Management & Governance strengthened	No. of localized integrated water resource management plans developed.
Output 1.2 Ecosystem based solutions /SLM interventions to enhance watershed functions implemented	Area (Ha) of degraded watersheds restored through eco-restoration.
Output 1.3. Management of forest fire hazards by promoting integrated forest fire management	Number of Community Forest Fire Management groups (CFFMGs) established in Thimphu Dzongkhag
	Number of Post fire assessment and valuation tools developed and implemented.
Outcome 2: Ensured access to irrigation and safe and reliable drinking water.	
Output 2.1 Community-based climate resilient drinking water infrastructure established.	Number of resilient drinking water supply systems established.
Output 2.2 Community-based climate resilient irrigation infrastructure established & improved.	Number of irrigation infrastructures improved/established.
	Area (Ha) of agricultural land with access to adequate water for irrigation.
Outcome 3: Increased resilience of local communities to climate change through enhanced capacity in adaptation planning and implementation	
Output 3.1 User groups in the community strengthened for effective management of irrigation and drinking water	No. of Water User Associations (WUAs) established and formalized.
Output 3.2 Capacity of local communities, local leaders and organizations enhanced on local adaptation planning and implementation.	No. of people (local communities /LG Leaders) trained on Adaptation Planning and Project Implementation
Output 3.3 Dissemination of Project Results and Lessons Learned	No.of/Knowledge Sharing and Learning Sessions/Workshops conducted.

Annexure 2: Activity details of proposed drinking water supply schemes and beneficiaries

Dzongkhag	Gewog/s	Proposed activity	Water Source Details	Village	No. of HH	Population	
						Male	Female
Thimphu	Maedwang	Woluna Drinking Water Supply Scheme (Distribution System)	Pumola Base	Woluna	30	20	30
	Kawang	Construct Changtagang Water Supply	Chutaphu Rongchu, Begana	Changtagang	83	150	180
	Dagala	Construction of Helela Water supply at Chamgang	Helela	Chamgang Taed and Maed	122	456	436
	Chang	Construction of Rama Water Supply scheme	Kazhithang	Rama	87	125	113
			Total		322	751	759

Annexure 3: Activity details of proposed irrigation schemes and beneficiaries under Thimphu District

Gewog/s	Proposed activity	Water Source Details	Village	No. of HH	Population		Beneficiary Agricultural areas (in Acres)			
					M	F/M	Dryland	Wetland	Fallow Land	Total area
Maedwang	Pumula to Woluna Irrigation with Drinking Water Supply Scheme	Pumola Base/ Motithang	Woluna, Danglo top	30	20	30	11.1	27.06	8.11	46.27
	Construction of Khasakha Irrigation (6km)	Sisilum Stream	Khasakha, Lamdru	60	130	170	127.51	63.49	15.05	206.05
	Construction of Sigay Irrigation	Bjeme Rongchu	Sigay, Tsaphu	25	40	60	7.81	18.5	1.5	27.81
	Construction of Sisilung to Dalukha Irrigation	Sisilum	Dalukha	14	68	102	80	30.57	13.8	124.37
Chang	Rehabilitation of Hongtsho Toed Maed Irrigation	Changkhaphu Stream	Hongtsho Taed, Hontsho Maed, Phentekha, Zhesar	125	206	54 212	25	0	0	25.00
		Total		254	464	574	251.42	139.62	38.46	429.5

Annexure 4: Comparative Analysis of Cost of Traditional Concrete Structure and HDPE Pipelines

Name of work: Unit Cost of Concrete Channel Construction (Internal Size 600x450 mm deep)

Estimate based on rate (Bhutan Schedule of Rate 2024- Thimphu)										
Sl. No.	Code	Descriptions of items	No.	L	B	H	Qty.	Unit	Rate	Amount
1	EW0106	Excavation in foundation trenches or drains not exceeding 1.5m in width or area 10 sq.m on plan, including dressing & ramming, disposal of surplus soil within 50m lead & 1.5m lift, Ordinary Soil	1	1	1.00	0.45	0.45	cu.m	221.5	99.68
2	SM0072	Providing & laying hand packed stone filling or soling with stones	1	1	0.90	0.15	0.135	cu.m	1793.96	242.18
3	CW0002	Providing & laying in position plain cement concrete excluding the cost of centering & shuttering - All work upto plinth level 1: 3: 6 (1 cement :3 sand :6 graded crushed rock 40mm nominal size)	1	1	0.90	0.1	0.09			
			2	1	0.25	0.45	0.225			
							0.315	cu.m	7297.6	2298.744
4	RC0090	Providing & fixing centering and shuttering (formwork), including strutting, propping etc. and removal of formwork- Foundation and plinth etc.	4	1	0.45		1.8 sq.m		386.95	696.51
							Total Nu.			3337.11

Prepared by:


(Pema Zangmo)

Executive Engineer

Name of work: Unit Cost of Concrete Channel Construction (Pipe Size 250 mm)

Estimate based on rate (Bhutan Schedule of Rate 2024- Thimphu)

Thimphu Dzongkhag Administration.

Sl. No.	Code	Descriptions of items	No.	L	B	H	Qty.	Unit	Rate	Amount
1	EW0136	Hand excavation and refilling in layers < 200mm, of trenches for pipes & sockets, cables, including dressing of sides/ ramming of bottom, depth upto 1.5m, disposal of surplus material within lead of 50m: All kinds of soil-Pipes, cables etc. 80mm < dia < 300mm	1				1	m	377.59	377.59
2	PO0675	Providing & laying H.D.P.E Pipes, 6 PN, including H.D.P.E fittings (excluding trenching, refilling & thrust block)-250mm	1				1	m	2528.05	2528.05
							Total Nu.			2905.64

Prepared by:


(Pema Zangmo)

Executive Engineer

Annexure 5: Letter of Endorsement from DA



དངུལ་རྩིས་ལྷན་ཁག།
Department of Macro-Fiscal and Development Finance
Ministry of Finance
Royal Government of Bhutan

BHUTAN
Believe

MoF/D MDF/AF/2024/2777

21 June, 2024

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

Re: Endorsement Letter – Securing Water & Enhancing Climate Resilience in Thimphu, Bhutan.

Dear Sir(s)/Madam(s),

As the Designated Authority (DA) for the Adaptation Fund in Bhutan, I confirm that the above national project proposal aligns with the government's national priorities in implementing adaptation activities to mitigate the adverse impacts and risks posed by climate change in the country.

In this regard, I am pleased to endorse the above project proposal, soliciting support from the Adaptation Fund. If approved, the project will be implemented by the Bhutan Trust Fund for Environment Conservation (BT FEC) and executed by the national and local executing agencies.

Thank you for your continuous support and cooperation.

Sincerely,

(Tshering Dorji)
DIRECTOR

Annexure 6: Preliminary Gender Analysis:

Methodological approaches and analytical focus areas	Relevant Key Questions	Check (Yes /No)	Comments /If relevant
Methodological approach for conducting a preliminary gender analysis	Sequencing: Is the preliminary gender analysis conducted in advance of or in parallel to the preparation of the project/programme concept note and thus serving to inform the integration of gender-responsive implementation outputs and outcomes in the concept of the intended project/programme?	Yes	The preliminary gender analysis was conducted in parallel to the project concept preparation and thus served to inform the integration of gender-responsive outputs and outcomes of the proposed project concept.

<p>Gender focus and understanding:</p> <ul style="list-style-type: none"> -Does the preliminary gender analysis: Indicate some core/basic gender differences and gender-differentiated impacts and risks for women and girls, men and boys and other project/programme-relevant gender (“do no harm”)? - Indicate the possibility or intent of the project/programme to address differentiated gender needs for a transformative impact (“do good”) -Acknowledge a basic understanding of intersectionality of gender integration efforts and indicate whether the project/programme plans to focus on specific different gender sub-groups (such as Indigenous or rural women; poor urban women etc) and how? (Please refer to Section III.B. Box 1 of this gender guidance document for more details on how to address intersectionality) 	<p>Yes</p>	<p>The preliminary gender analysis included some aspects of gender roles, gaps and challenges focused on water management which were discussed during the consultation meetings with the local community representatives for the finalization of the priority adaptation actions for the concept note stage. Discussions were held in the context of understanding that “Gender equality implies a society where men and women enjoy equal access and benefits related to social and economic aspects of water management. Some of the preliminary findings suggested that there were differences in the roles of gender in the targeted communities specifically on household chores and farming, thus expecting gender differentiated impacts as a result of climate change. Low participation by women in the WUAs, Community Forest Management groups and other local government functionaries and also in management and leadership positions were reported. However, during the full proposal development stage, detailed gender analysis within the targeted project sites will be conducted. Through this project we can explore how rural women, men, LGBT+, and other vulnerable persons in the community can be supported to access and benefit from sustainable water management approaches.</p>
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Data sources and collection:
Does the preliminary gender analysis: -Include some core/basic gender data for the project/programme country, and ideally some data or data estimates for the specific project/programme area through use of available secondary data sources, such as existing gender studies, sectoral or country reports? Is this data disaggregated, also indicating where further disaggregation might be required?
- Provide an indicative project/programme gender data baseline?

Yes

The preliminary gender analysis includes data on gender in the country and especially for the project sites in rural Thimphu. Bhutan's estimated population in 2023 reached around 787,424 (401,092 males and 369,184 females), with ~20% of the population residing in the capital Thimphu. The working-age population of Bhutan is estimated at 496,600, with an employment rate of 96.6%. Of the total employed (~300,400), 71.2% (~214,200) are in rural areas and 28.7% (~86,200) in urban areas. With regard to employment, the Agriculture sector employs the majority of Bhutanese population (58 percent). Over 30 percent of those engaged in agriculture are women (MoLHR, 2018).

For the targeted communities within the project sites, most are engaged in Agriculture and we expect a similar situation in terms of gender roles. Detailed gender disaggregated data will be collected during the full gender analysis.

Based on the available data with the Gewog administration, of the 322 households with 1510 beneficiaries for drinking water supply schemes under this project, 759 are women and 751 are male. For the irrigation water supply, a total of 254 households with a total population of 1038 will be benefited out of which, 574 are females and 464 are males. The proportion of male and female population in the proposed project areas is 47 % and 52 % respectively as compared to 51 % and 48 % at the national level.

To promote gender equity, a minimum of 30% women's participation will be ensured in all project-related consultations, meetings, and training during the project implementation.

The preliminary gender analysis reflects some views of the and inputs of the stakeholders from the Department of Macro-Fiscal and Development Finance (DMDF), Thimphu District Officials, Project Concept development Task Force Members⁵⁹ from Royal Government of Bhutan and Bhutan Ecological Society. This initial gender analysis also included the view of the gender focals at the Thimphu District and the Local Gewog Administration at the local level.

Discussions were held in the context of understanding that "Gender equality implies a society where men and women enjoy equal access and benefits related to social and economic aspects of water management. Some of the preliminary findings suggested that there were differences

Initial stakeholder consultation: Is the preliminary gender analysis reflecting some views and inputs of key stakeholders and individuals with a gender perspective or gender expertise (such as ministerial gender focal points or gender experts, non-governmental organizations focused on promoting gender equality and women's rights and empowerment) from their early consultation during the initial phase of concept development?

Yes

in the roles of gender in the targeted communities. Low participation by women in the WUAs and other local government functionaries were reported.

<p>Mapping implementation partners: In looking at potential implementation partners, does the preliminary gender analysis indicate who has the skills, expertise and capacity to integrate gender considerations? If this is lacking, is there ongoing or planned capacity-building on gender as part of the intended project/programme?</p>	<p>Yes</p>	<p>During the meetings with all implementing partners, overall skills and expertise in gender were assessed. There are good balances of gender balances IPs and there are gender focals in most organizations. However, there is a need to build capacities on gender. Thus, there are planned capacity building on gender from the local level to District level implementing partners.</p>
<p>Project Formulation Grant (PFG): Does the preliminary gender analysis indicate whether a project formulation grant (PFG) might be sought to secure external expertise for example to undertake the full gender assessment at the project/programme development stage?</p>	<p>Yes</p>	<p>A detailed gender and risk analysis are proposed in the PFG for the full proposal development. The concerns and challenges related to gender roles, socio-economic background, vulnerable households (including Persons with Disabilities), youths and participation of women in governance and the implementation of the project activities will be assessed during the comprehensive gender analysis during the full proposal development stage. Recommendations for the risk mitigation for gender specific issues will also be highlighted in the detailed gender analysis report. Gender participation in the project activities during the project implementation will be continuously monitored by the M&E officer under the PMU and the local monitoring committee at the Local and Thimphu District administration.</p>

<p>Core initial analytical questions</p>	<ul style="list-style-type: none"> Initial analysis of core socioeconomic context: Does the preliminary gender analysis provide some basic description of the legal, social and economic context and prevailing social and cultural norms that shape gender relations in the country, and, to the extent already possible, in the specific project/programme sector or geography? 	<p>Yes</p>	<p>The initial gender analysis includes a clear scenario of current socio-economic situation in the country and also refers to the population status and the poverty rates and emerging issues both in rural and urban areas. “Bhutan’s estimated population in 2023 reached around 787,424 (401,092 males and 369,184 females), with ~20% of the population residing in the capital Thimphu. The working-age population of Bhutan is estimated at 496,600, with an employment rate of 96.6%. Of the total employed (~300,400), 71.2% (~214,200) are in rural areas and 28.7% (~86,200) in urban areas.”</p> <p>“However, due to rapid urbanization, infrastructure development and increased climate-related risks have emerged. Unplanned urban growth, deforestation, and inadequate water management exacerbate the vulnerability of peri-urban areas to environmental degradation and climate change impacts.”</p> <p>Thimphu District experiences rapid population growth, as rural communities migrate to urban and peri-urban areas seeking better economic opportunities. This demographic shift puts pressure on existing water resources and infrastructure, leading to competition for water among various user groups. Furthermore, the availability of clean drinking water is not evenly distributed, leading to disparities in access, particularly for marginalized communities. Thimphu has the highest unemployment rate in the country with 6.0% against the national average of 2.4%.</p>
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• Initial analysis of gender-differentiated climate risks and impacts:

Does the preliminary gender analysis provide some initial observations on how in the project/programme area the livelihood of and adaptive capacity among women and girls, men and boys including of different age, ethnicity, indigeneity or economic class might be impacted in different ways by climate change risks and effects? Does it anticipate worsening gender inequalities as a result of existing gender inequalities?

Yes

The shifts in demography due to increased rural-urban migration to the capital district like Thimphu, puts pressure on existing water resources and infrastructure, leading to competition for water among various user groups. Furthermore, the availability of clean drinking water is not evenly distributed, leading to disparities in access, particularly for marginalized communities. Women, who often bear the responsibility of water collection, face increased burdens and time constraints in securing water for their families. Additionally, women face additional burdens such as the need to travel out of their house to fetch water, store water. and this is most difficult for single headed household women with many household members such as children, persons with disabilities, household members living with underlying conditions.

All these impacts are expected to be further aggravated by the climatic changes.

Although women in Bhutan enjoy significant rights, the status of gender equality presents a complex scenario. Substantial efforts have been taken to enhance the well-being of women and girls, shown by achievements such as gender parity in education up to the secondary level, a decline in maternal mortality, and an increase of women's involvement in societal and professional areas.

Simultaneously, Bhutan has committed to numerous international gender conventions and agreements, and equal rights are explicitly outlined in the country's Constitution and other legal frameworks. However, persistent gender inequalities exist, notably in areas like unequal land ownership and the limited representation of women in certain sectors.

Gender differences are visible in Climate change vulnerability, participation in CC decision-making action and diverse levels of benefit-sharing. In 2017, almost 60% of employed women were active in agriculture, as compared to 34% of the employed men.

While climate change issues have been integrated in the 'National Gender Equality Policy' and the 'National Plan of Action for Gender Equality' (2019-2023), application of the various tools to mainstream gender into climate change actions are limited due to limited resources and capacity gaps.

	<p>Initial analysis of gender-differentiated activities and divisions of labour: Does the preliminary gender analysis provide an overview description of the tasks and responsibilities of men, women and different gender sub-groups (taking for example age, indigeneity, ethnicity or economic status into account) in the specific sector or geographic area of the planned project/programme? This could include some introductory reflection on gender differences in participation in the formal and informal economy, as well as in paid and unpaid work and in domestic and care tasks</p>	Yes	<p>The feminization of agriculture because of out-migration of males bears notable significance in the impact of climate change on agriculture, and thus women. Women also experience a higher unemployment rate, gender payment gaps, and gender-based violence. In rural households gender-specific tasks include livelihood tasks such as collection of drinking water by females and irrigation water by males; household tasks which are mainly carried out by females; non-farm work/off-farm employment especially of males; and decision-making and attending meetings mainly by males. Within the proposed project areas, women are engaged in office goers, housewives (unpaid work), farmers business (small traders in groceries, agriculture sector...) and students, other minors.</p>
	<p>Initial analysis of gender-differentiated access and control to resources and decision-making: Does the preliminary gender analysis provide a first reflection on who within the project/programme area has what kind of access and control over resources such as land, agricultural inputs and extension services, financial resources, education, information services? Does it consider who takes decisions at multiple levels and sectors (community, household, regional levels; public and private sector; economic and political decision-making bodies)?</p>	Yes	<p>In the Bhutanese context, in the western parts of Bhutan, especially in Thimphu, women generally have ownership over land and financial resources. For the other resources such as agricultural inputs and extension services, financial, education and information services usually men have more control over these.</p> <p>At the household level, decisions are generally made by the women, but at the community, regional and national level, the majority of men make the decision. Generally, there is low representation of women in community, public, private, economic and political decision-making bodies.</p> <p>Within the project target areas of Chang, Mewang, Kawang and Dagala gewogs under Thimphu district, from the total of 55 Local government officials 36 (65%) are men and only 19 (34%) are women(www.thimphu.gov.bt). Among the four gewogs, only one female is in the leadership position serving as the head of the Gewog administration. Hence if we look at these data, generally within the project areas, any decisions will be taken by a majority of men.</p>

<p>Initial analysis of targeted beneficiaries and their gender profile: Does the preliminary gender analysis delineate planned opportunities or entry points to ensure equal participation and benefits for different gender sub-groups?</p>	<p>Yes</p>	<p>There are designated women 30% and for different gender groups in the project area in all activities (meetings, and capacity building) at all levels. There will be gender awareness and sensitization from project implementers to the community level. There will be gender friendly technologies provided to women. Youths from the communities will be encouraged to participate in the project activities.</p>
<p>Initial description of planned project/programme responses: Does the preliminary gender analysis give an outlook on planned/intended measures to ensure gender-equality outcomes of the planned project/Programme? Can it already indicate some expectation of what successful for gender impacts will look like?</p>	<p>Yes</p>	<p>To ensure adequate participation of women capacity building programs to empower female farmers and enhance their communication skills to improve women’s decision-making abilities in (local) governance and farming decisions, including those related to climate smart agriculture and climate resilient agriculture are prioritized in the project. Project management, financial planning and management capacity building training are also planned to be organized for LG officials as well as members of the WUAs and groups like Community Forests Management group, Watershed Management Groups, dairy, poultry etc. Some successful gender impacts that as a result of project interventions in the targeted sites are as follows:</p> <ol style="list-style-type: none"> 1. reduction in time burden for women and girls in water management at a household level, thus more girls and women are able to spend time on education and other economically productive tasks. 2. improved health and hygiene due to improved access to clean water. 3. increased agricultural productivity in and increased economic opportunities, 4. increase women participation in leadership and empowerment.