

ROYAL GOVERNMENT OF BHUTAN

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)
for
Bhutan's National REDD+ Strategy



Foreword

Acknowledgement

To be prepared

Table of Contents

FOREWORD	II
TABLE OF CONTENTS.....	III
LIST OF TABLES.....	IV
LIST OF FIGURES	IV
LIST OF BOXES.....	IV
ABBREVIATIONS.....	V
EXECUTIVE SUMMARY	7
1. INTRODUCTION.....	10
1.1 BACKGROUND ON REDD+.....	10
1.2 OBJECTIVES OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK FOR BHUTAN’S NATIONAL REDD+ STRATEGY	11
1.3 METHODOLOGY FOR ESMF DEVELOPMENT	12
2. OVERVIEW OF REDD+ APPROACH IN BHUTAN	13
3. INTERNATIONALLY APPLICABLE SAFEGUARD COMMITMENTS	18
3.1 UNFCCC SAFEGUARD REQUIREMENTS.....	18
3.2 FOREST CARBON PARTNERSHIP FACILITY SAFEGUARD REQUIREMENTS	21
3.3 GREEN CLIMATE FUND SAFEGUARD REQUIREMENTS	22
3.4 ADDRESSING THE FCPF AND GCF REQUIREMENTS THROUGH A COMMON REDD+ SOCIAL AND ENVIRONMENTAL MANAGEMENT FRAMEWORK.....	24
4. POTENTIAL SOCIAL AND ENVIRONMENTAL IMPACTS IDENTIFIED IN THE STRATEGIC ENVIRONMENTAL AND SOCIAL ASSESSMENT (SESA)	26
4.1 NEGATIVE IMPACTS AND RISKS ASSOCIATED WITH IMPLEMENTATION OF THE DIRECT PAMS.....	26
4.2 APPLICABLE AND TRIGGERED SAFEGUARDS	30
5. SUMMARY OF APPLICABLE LEGAL AND INSTITUTIONAL FRAMEWORK TO BE USED FOR ENSURING CONSISTENCY WITH THE UNFCCC SAFEGUARDS	36
5.1 UNFCCC REDD+ SAFEGUARD A	37
5.2 UNFCCC REDD+ SAFEGUARD B	38
5.3 UNFCCC REDD+ SAFEGUARD C	45
5.4 UNFCCC REDD+ SAFEGUARD D	46
5.5 UNFCCC REDD+ SAFEGUARD E.....	48
5.6 UNFCCC REDD+ SAFEGUARD F & G	52
6. PROCEDURES FOR IMPLEMENTING THE ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK 54	54
6.1 INTRODUCTION	54
6.2 FRAMEWORK FOR ENVIRONMENTAL ASSESSMENT.....	54
6.2.1 Step 1: Determine whether the PAM requires a strategic environmental assessment (SEA)	54
6.2.2 Step 2: Development of specific REDD+ interventions under each PAM and determination of approval requirements.....	56
6.2.3 Step 3: Production of environmental and social management and mitigation plans.....	59
6.3 FRAMEWORK FOR NATURAL HABITATS, BIODIVERSITY AND FORESTS.....	61
6.3.1 Step 1: Determine whether the PAM requires a strategic environmental assessment.....	62
6.3.2 Step 2: Development of specific projects under each PAM and determination of approval requirements.....	62
6.3.3 Step 3: Determine whether there are any additional international safeguards or standards that should be taken into account.....	62
6.3.4 Step 4: Determine whether there are any additional national regulations or processes that should be taken into account.....	64
7. INSTITUTIONAL ARRANGEMENTS FOR THE IMPLEMENTATION OF THE ESMF	67
7.1 KEY INSTITUTIONS FOR THE NRS	67
7.2 INSTITUTIONAL ARRANGEMENTS FOR SAFEGUARD IMPLEMENTATION	68
7.2.1 National Level	68
7.2.2 Sub-national level	69
8 GRIEVANCE REDRESS MECHANISM	71

10. MONITORING AND REPORTING OF THE ESMF IMPLEMENTATION	71
11. RECOMMENDED NEXT STEPS TO OPERATIONALISE ESMF	72
ANNEXES	74
ANNEX A: PARTICIPATORY PROCESS IMPLEMENTED FOR SESA AND ESMF DEVELOPMENT.....	74

List of Tables

TABLE 1: NRS POLICIES AND MEASURES (PAMs) AND TARGET ACTIONS	15
TABLE 2: KEY ENVIRONMENTAL AND SOCIAL ADVERSE IMPACTS AND RISKS IDENTIFIED AND PRIORITIZED DURING THE SESA FOR EACH DIRECT PAMs	26
TABLE 3: LINK BETWEEN THE SESA (IMPACTS/RISKS OF DIRECT PAMs), POTENTIAL MITIGATION MEASURES AND TRIGGERED INTERNATIONAL SAFEGUARDS	31
TABLE 4: TRIGGERED SAFEGUARDS IN BHUTAN	30
TABLE 5: IMPLEMENTING AGENCIES FOR DIRECT PAMs OF THE NRS IN BHUTAN	67

List of Figures

FIGURE 1: OVERVIEW OF UNFCCC REDD+ SAFEGUARD REQUIREMENTS	19
FIGURE 2 IFC PERFORMANCE STANDARDS.....	22
FIGURE 3: EXAMPLE OF A PERMITTING PROCESS FOR A PROPOSED TARGET ACTION UNDER PAM 5: FORESTRY AND WOOD INNOVATION HUB	66
FIGURE 4: INSTITUTIONAL ARRANGEMENTS FOR REDD+ SAFEGUARD IMPLEMENTATION IN BHUTAN.....	69

List of Boxes

BOX 1: THE CANCUN SAFEGUARDS.....	18
BOX 2: ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) STRUCTURE.....	60

Abbreviations

BICMA	Bhutan Infocomm and Media Authority
CF	Community Forest
CFMG	Community Forest Management Group
COP	Conference of the Parties
CSO	Civil Society Organization
DoFPS	Department of Forests and Park Services
EA	Environmental Assessment
EIA	Environmental Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FMU	Forest Management Unit
FNCRR	Forest and Nature Conservation Rules and Regulations of Bhutan 2017
FREL	Forest Reference Emission Level
FPIC	Free Prior and Informed Consent
FYP	Five Year Plan
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gases
GNH	Gross National Happiness
GNHC	Gross National Happiness Commission
IFC	International Finance Corporation's Performance Standards
IPCC	Intergovernmental Panel on Climate Change
LGRR	Local Government Rules and Regulations
MoAF	Ministry of Agriculture and Forests
MRV	Measurement, Reporting and Verification
NEPA	National Environment Protection Act
NCB	Non-carbon benefits
NCWC	National commission for Women and Children
NDC	Nationally Determined Contribution
NEC	National Environment Commission
NEPA	National Environmental Protection Act
NFI	National Forest Inventory
NFMS	National Forest Monitoring System
NFP	National Forest Policy
NLC	National Land Commission
NMES	National Monitoring and Evaluation System
NRS	National REDD+ Strategy
NWFP	Non-wood Forest Products
OP	Operational Policy of the World Bank
PA	Protected Area
PAMs	REDD+ Policies and Measures
PES	Payment for Ecosystem Services
PLR	Policy, Law and Regulation
PPF	Protocol for Policy Formulation

RECP	Regulation for Environmental Clearance of Projects
REDD+	Reducing Emissions from Deforestation and forest Degradation and the role of sustainable management of forests, conservation and enhancement of forest carbon stocks
RGoB	Royal Government of Bhutan
RNR	Renewable Natural Resources
SEA	Strategic Environmental Assessment
SESA	Strategic Environmental and Social Assessment
SIS	Safeguard Information System
SOI	Summary of Information on Safeguards
SRF	State Reserved Forest
SRFL	State Reserved Forest Land
TAC	Technical Advisory Committee
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WMD	Watershed Management Division

Executive Summary

In recognition of the role forests to mitigate and adapt to global climate change, Parties to the United Nations Framework Convention on Climate Change (UNFCCC) developed a policy initiative to contribute to the reduction of global carbon emissions from deforestation and forest degradation and enhance their resilience by providing financial incentives in the form of 'results-based payments', to developing countries that successfully slow or reverse forest loss. This initiative is known as Reducing Emissions from Deforestation and Forest Degradation (REDD), and sustainable management of forests, conservation, and enhancement of forest carbon stock (+).

However, the implementation of REDD+ also has the potential of adverse social and environmental impacts and risks, particularly on indigenous peoples, local communities and biodiversity. Parties to the UNFCCC therefore recognized the need for rules and guidance on REDD+ and agreed to the adoption of seven safeguards for REDD+ which all countries must comply with, including Bhutan.

Bhutan has developed a National REDD+ Strategy & Action Plan (NRS 2019) with the vision of 'a perpetually carbon neutral, climate change resilient and prosperous society'¹ and aimed at addressing the main drivers and underlying causes of deforestation and forest degradation, as well as weaknesses and gaps in policies and regulatory measures. In addition to being a Party to the UNFCCC, Bhutan is a participating country to the Forest Carbon Partnership Facility (FCPF), receiving support for its REDD+ Readiness activities detailed in its Readiness Preparation Proposal (R-PP).² This means that Bhutan must also meet FCPF safeguard requirements, which includes developing a Strategic Environmental and Social Assessment (SESA) and Environmental Social Management Framework (ESMF) for the NRS.

As a first step, the SESA was developed and implemented to identify and prioritize the main environmental and social impacts and risks relating to the NRS. These results were then used to prepare the ESMF, which lays out principles, guidelines and procedures designed to identify, avoid, minimize, mitigate, and/or compensate for the adverse effects of planned REDD+ activities that may occur in the future. It largely provides a framework for Bhutan to address environmental and social issues in its NRS. Through the implementation of the ESMF Bhutan will aim to meet national requirements, the United Nations Framework Convention on Climate Change (UNFCCC), Green Climate Fund (GCF) and the FCPF safeguard requirements in a coordinated and cost-effective manner.

In terms of the UNFCCC REDD+ safeguards, the legal framework of countries generally protects and regulate many of the objectives enshrined in these safeguards. The identification of the relevant aspects of the Bhutan's legal framework was therefore the basis for determining 'how' the country will ensure REDD+ activities are carried out in consistency with the UNFCCC REDD+ safeguards. The detailed analysis of Bhutan's legal and institutional

¹ NRS, 2019, page 21.

² Royal Government of Bhutan (2017) Mid-term review and request for additional funding. Thimphu, Bhutan. Available: <https://www.forestcarbonpartnership.org/sites/fcp/files/2017/Jan/Bhutan%20FCPF%20Grant%20Mid-Term%20Review%2026%20Jan%202017%20PDF%20version.pdf>

framework demonstrates that Bhutan's Policies, Laws and Rules (PLRs) are largely consistent with the UNFCCC REDD+ safeguards³. However, specific legal gaps were identified, for which recommendations have been prepared to address the gaps. By addressing these recommendations, Bhutan will ensure that the legal and institutional framework is fully consistent with the UNFCCC REDD+ safeguards and can therefore be utilized as the country's national policy response to meet its international safeguards commitments while implementing the REDD+.

In terms of the FCPF safeguards, and in accordance with FCPF guidelines⁴, Bhutan's ESMF includes the relevant frameworks and procedures that will be applied to address identified risks and comply with the triggered World Bank environmental and social safeguard policies. Based on the impacts and risks identified in the SESA, specific safeguards are triggered and require the development of management plans or procedures to avoid and mitigate them:

- WB OP 4.01 on Environmental Assessment⁵
- WB OP 4.04 on Natural Habitats⁶
- WB OP 4.36 on Forests⁷
- IFC Performance Standard 1 on Assessment and Management of Environmental and Social Risks and Impacts⁸.
- IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources⁹

The ESMF therefore outlines the safeguard procedures which will need to be followed by REDD+ Implementing Agencies to mitigate the potential risks to ensure that the REDD+ strategy is socially and environmentally sustainable.

In addition to presenting the relevant safeguard and procedures for REDD+, the ESMF specifies the institutional arrangements for the ESMF. The proposed institutional arrangement are in line with those of the NRS and existing institutional structures, and were defined in consultation with the Technical Working Group (TWG) members and relevant stakeholders to maximize the level of ownership. The NRS outlines the institutional arrangements for the implementation of each PAM, for which "a lead agency is nominated in line with its institutional responsibility and associated activities will be led by specified department in close collaboration with other relevant government departments or institution".¹⁰

³ Recommendations for addressing the UNFCCC REDD+ Safeguards in Bhutan: identification and assessment of the relevant legal framework', January 2018

⁴ Common Approach, p. 8, para. 23

⁵ **Environmental Assessment**

Annex B - Application of EA to Projects Involving Pest Management

Annex A - Definitions

Annex B - Content of an Environmental Assessment Report for a Category A Project

Annex C - Environmental Management Plan

⁶ **Natural Habitats**

⁷ **Forests**

⁸ Paragraph 4, Assessment and Management of Environmental and Social Risks and Impacts

⁹ This is defined by the Convention on Biological Diversity as being "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems."

¹⁰ Ref to be included once we get final NRS document

At the national level, the Watershed Management Division (WMD)¹¹ of the Department of Parks and Forest Services (DoFPS) of the Ministry of Agriculture and Forests (MoAF) acts as the REDD+ Secretariat and will be responsible for safeguard screening for all REDD+ related activities and for overseeing the implementation of the ESMF and its safeguard policies. It will be supported by a REDD+ Technical Advisory Committee (TAC) when technical inputs are required. This committee may include former members from the REDD+ Technical Working Group created for the readiness phase. The REDD+ Secretariat will have a Safeguard Specialist, who will be responsible for providing guidance and inputs on the design and implementation of the REDD+ actions/projects to the each implementing agency identified in the NRS to ensure their consistency with the safeguard operational procedures (content and process) outlined in the ESMF on an on-going basis.

When specific REDD+ actions or projects are defined, the REDD+ Secretariat will guide the Implementing Agency in the development of the specific safeguard measures in line with the ESMF. The Implementing Agency will be responsible for ensuring full implementation and reporting of safeguard obligations and overseeing its own agency implementation at the sub-national level. Each Implementing Agency will appoint an agency safeguards focal point (FP) to facilitate communications and links with the sub-national level and REDD+ secretariat.

At the sub-national level, each Implementing Agency will be responsible for safeguard implementation and monitoring for interventions at Dzongkhag and Geog levels. Implementers will be guided by their respective agency at the national level, and by the REDD+ Secretariat through its Safeguard Specialist. Implementing Agencies are recommended to have local safeguard focal points at the subnational level to facilitate communications and links with the national level.

The outlined institutional arrangements for the oversight of safeguard implementation and compliance will also apply for the monitoring and reporting of safeguards, which will be done through the safeguard information system.

Finally, following the description of safeguard procedures and institutional arrangement, the ESMF provides practical recommendations to take into account the next steps for the operationalization of the ESMF once the NRS implementation starts.

¹¹ The WMD is one of the six functional divisions of DoFPS and is responsible for coordinating the preparation of watershed plans and activities. The DoFPS is the main agency responsible for developing and implementing strategies and policies for conservation and sustainable management of Government Reserve Forests. **Department of Forest & Park Services** (Ministry of Forests and Agriculture)

1. Introduction

1.1 Background on REDD+

In recognition of the role forests to mitigate and adapt to global climate change, Parties to the United Nations Framework Convention on Climate Change (UNFCCC) developed a policy initiative to contribute to the reduction of global carbon emissions from deforestation and forest degradation and enhance their resilience by providing financial incentives in the form of ‘results-based payments’, to developing countries that successfully slow or reverse forest loss. This initiative is known as Reducing Emissions from Deforestation and Forest Degradation (REDD), and sustainable management of forests, conservation of forest carbon stock, and enhancement of forest carbon stock (+). The UNFCCC Conference of the Parties (COP) outlined five REDD+ activities that developing countries can/should implement to be eligible to receive these payments:¹²

- Reducing emissions from deforestation;
- Reducing emissions from forest degradation;
- Sustainable management of forests;
- Conservation of forest carbon stocks; and
- Enhancement of forest carbon stocks

After several years of negotiations and discussions at the international level, the UNFCCC COP adopted the ‘Warsaw Framework for REDD+’ at its 19th meeting in December 2013.¹³ This officially anchored REDD+ to the UNFCCC regime. The Warsaw Framework builds on previous COP decisions and clarifies and consolidates the requirements and methodological guidance countries must meet in order to access results-based finance. According to the Warsaw Framework, developing country Parties aiming to receive results-based finance for REDD+ must:

- Ensure that the anthropogenic forest-related emissions by sources and removals resulting from the implementation of REDD+ activities are fully measured, reported and verified (MRV) in accordance with UNFCCC guidance;¹⁴
- Have in place:¹⁵
 - a. A national strategy or action plan (a link to which is shared on the UNFCCC REDD+ Web Portal);
 - b. A national forest reference emission level and/or forest reference level, or if appropriate, as an interim measure, subnational forest reference emission levels and/or forest reference level (that has undergone a UNFCCC-coordinated technical assessment process);
 - c. A robust and transparent national forest monitoring system for the monitoring and reporting of REDD+ activities; and

¹² UNFCCC Decision 1/CP.16 paragraph 70

¹³ UNFCCC Decisions 9/CP.19; 10/CP.19; 11/CP.19; 12/CP.19; 13/CP.19; 14/CP.19 and 15/CP.19

¹⁴ UNFCCC Decision 1/CP.16 paragraph 73

¹⁵ UNFCCC Decision 1/CP.16 paragraph 71

- d. A system for providing information on how the safeguards are being addressed and respected (SIS);
- Ensure that REDD+ activities, regardless of the source and type of funding, are implemented in a manner consistent with the UNFCCC REDD+ safeguards;¹⁶ and
 - Provide the most recent summary of information on how all the UNFCCC REDD+ safeguards have been addressed and respected before they receive results-based payments.¹⁷

REDD+ is based on a three-phased approach, which includes: Readiness (Phase I), implementation (Phase II) and results-based actions (Phase III).¹⁸ However, due to the significant time-frame between REDD+'s initial conception and introduction as a UNFCCC negotiation topic at COP 13 in Bali¹⁹ and its finalization at COP 19 in Warsaw, several multilateral institutions and bilateral agreements were established to fund initial REDD+ readiness activities, including the World Bank's Forest Carbon Partnership Facility (FCPF) , which was launched in 2008 "to assist eligible REDD Countries in their efforts to achieve Emission Reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD."²⁰

As a participating country to the FCPF, the Royal Government of Bhutan (RGoB) has so far received US\$3.8 million from the FCPF to support its REDD+ Readiness activities detailed in its Readiness Preparation Proposal (R-PP),²¹ with an additional grant of US\$4.8 million agreed in February 2018.²² This means that in order to meet its contractual agreement with the FCPF and benefit from the international REDD+ mechanism under the UNFCCC, Bhutan must meet both UNFCCC and FCPF requirements, which include requirements on safeguards. These requirements are addressed through the implementation of a SESA and development of an ESMF and SIS.

1.2 Objectives of the Environmental and Social Management Framework for Bhutan's National REDD+ Strategy

Environmental and Social Management Framework is a document which lays out principles, rules, guidelines and procedures designed to identify, avoid, minimize, mitigate, and/or

¹⁶ UNFCCC Decision 2/CP.17 paragraph 63

¹⁷ UNFCCC Decision 9/CP.19 paragraph 4

¹⁸ UNFCCC Decision 1/CP.16 paragraph 73

¹⁹ UNFCCC Decision 2/CP.13

²⁰ The other stated objectives of the FCPF are: To pilot a performance-based payment system for Emission Reductions generated from REDD activities, with a view to ensuring equitable benefit sharing and promoting future large scale positive incentives for REDD; to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Preparation Proposals and Emission Reductions Programs. FCPF, (2010) Charter Establishing the FCPF. The International Bank for Reconstruction and Development (IBRD). Available: http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Sep2010/FCPF_Charter-August_2010_clean.pdf

²¹ Royal Government of Bhutan (2017) Mid-term review and request for additional funding. Thimphu, Bhutan. Available: <https://www.forestcarbonpartnership.org/sites/fcp/files/2017/Jan/Bhutan%20FCPF%20Grant%20Mid-Term%20Review%2026%20Jan%202017%20PDF%20version.pdf>

²² World Bank Forest Carbon Partnership Facility (2018) Second Grant Agreement for the Kingdom of Bhutan's REDD+ Readiness Preparation Support. Available: <https://www.forestcarbonpartnership.org/sites/fcp/files/2018/March/Bhutan%20Additional%20Funding%20Grant%20Agreement%20Signed%20Feb%209%202018.pdf>

compensate for the potential adverse effects of planned REDD+ activities that may occur in the future but are not presently known or are uncertain. It provides a framework for Bhutan to ensure the environmental and social sustainability of its REDD+ Strategy, by implementing all the relevant national and applicable international safeguard measures.

The ESMF therefore outlines:

- What safeguard obligations need to be complied with during REDD+ implementation to meet RGoB's objectives i.e. the national safeguard relevant obligations identified in Bhutan's Policies, Laws and Regulations (PLRs) and the relevant World Bank OPs triggered by the SESA
- What Management Framework needs to be adopted to manage the risks identified in the SESA thus complying with the FCPF and GCF requirements
- Who will be responsible for making sure they are complied with, including guidance and overseeing implementation, dealing with disputes, and monitoring and reporting.

1.3 Methodology for ESMF development

In keeping with accepted instruments and practices in the field of environmental assessment in Bhutan and the guidance provided under REDD+ framework, Bhutan first undertook a Strategic Environmental and Social Assessment (SESA) of the National REDD+ Strategy & Action Plan (NRS) resulting in an Environmental and Social Management Framework (ESMF). During the SESA process the main impacts and risks of the NRS were assessed and weighed by the various stakeholders through a participatory process, leading to the identification of triggered World Bank Operational Policies (WB Ops) and the development of a risk management framework for REDD+. Accordingly, the ESMF was developed based on previous works²³ along with desk-based work and finally in consultations with the Technical Working Group (TWG) members between June 2018 and June 2019.

²³ Strategic Social and Environmental Assessment (SESA) of Bhutan's National REDD+ Strategy', Watershed management Division July 2018

'Recommendations for addressing the UNFCCC REDD+ Safeguards in Bhutan: identification and assessment of the relevant legal framework', Watershed Management Division, January 2018

2. Overview of REDD+ Approach in Bhutan

As part of the REDD+ readiness process, Bhutan has developed a NRS (2019) with the vision ‘a perpetually carbon neutral, climate change resilient and prosperous society’²⁴. The objective of REDD+ in general is to reduce emissions from deforestation and forest degradation, and enhance carbon sequestration through the sustainable management of forests, conservation, and enhancement of forest carbon stocks.

Through Bhutan’s REDD+ readiness process, the main drivers and underlying causes of deforestation and forest degradation, as well as weaknesses and gaps in policies and regulatory measures were identified. The starting point for the NRS is to address those weakness and fill the identified gaps while acknowledging that regulatory reform may be necessary in the future.

The NRS seeks to achieve a broader vision that provides co-benefits, including enhancing livelihoods, protecting ecosystem services, and conserving biodiversity. Therefore, the focus is to continue strengthening the preservation of forests and increase the adaptive capacity to climate change impacts, without compromising opportunities for future economic development and prosperity. In order to achieve the vision, there are four Strategy Options, which are multi-sectoral and take into consideration the unique status of Bhutan being a net carbon sink.

Strategy Option 1: Strengthened Forest Management Practices. With the rapid economic development and demographic changes taking place in various parts of the country, the demand for construction timber is high and appears to be increasing. The overall forest resource base for commercial timber production is limited. These limitations are due to the fact that large areas of the forest are protected, the low commercial quality of timber in some forest areas, and the difficulties in harvesting trees due to inaccessible terrain (WMD 2015). There are logistical and costs challenges of matching supply and demand in timber, and inefficiencies in downstream processing of timber, which are exacerbated by the market preference for certain tree species. The combination of inefficiencies in the timber value chain, distribution and narrow focus on softwoods and few broadleaved species, means that in the future there is the potential for an artificial wood deficit. This strategy option focuses on the underlying drivers of deforestation and forest degradation. As such, this strategic option aims to support existing frameworks, policies, and regulations for forest management as well as strengthening resource management monitoring and enforcement.

Strategy Option 2: Climate-Smart Primary Production. Primary production sectors include crop production, livestock, fisheries and forestry. Climate-smart initiatives crosscut economic, social and environmental spheres. A key aspect in this strategic option is in improving forestry and agricultural productivity (detailed under strategic option 4), in order to improve incomes and reduce the need for primary production to further encroach into forest land. Climate-smart plantations of native, multi-purpose and fast-growing species will

²⁴ NRS, 2019, page 21.

support the development and provision of sustainable firewood and timber supply, the protection of livelihoods, enhance areas of degraded forest and the management of forest growth to foster increased carbon sequestration. This will involve the development of a diversified and technologically innovative sector, which will be achieved through capacity building and partnerships between government and private sector. Combined efforts for the development of plantations in degraded areas will ensure forest restoration at the landscape level.

Strategy Option 3: Integrated Land Use Planning. This Strategy Option is largely about creating the necessary enabling environment for successful and effective implementation of REDD+. Development, including hydropower expansion, is important for the economy but must be undertaken in a way that limits impacts on forests. The existing legislation has provisions to address the environmental impacts of various infrastructure projects. However, the current planning processes tend to operate in silos and do not effectively address holistic impacts from significant development. There is a lack of spatial planning guidance and inadequate inter-agency and organizational cooperation. This Strategy Option will strengthen land use planning systems and processes through greater levels of harmonization across policies, increased collaborative processes, greater levels of capacity and a stricter monitoring and enforcement regime.

Strategy Option 4: Improved Rural Livelihoods. Rural communities depend on agriculture activities, livestock management and forest resources for their livelihoods. This Strategy Option is multi-sectoral and targets the improvement of community livelihoods including the broadening of opportunities for income generation through sustainable management of Non-Wood Forest Products (NWFP), payment for ecosystem services (PES), nature-based enterprises, and climate-smart agricultural and livestock practices. These approaches will help create alternative incomes for communities, as well as reduce pressures on forest areas. This strategic option aims to improve agricultural efficiency and increase diversification through climate-smart agriculture. Selected interventions will contribute to the transformation of agricultural systems in order to address food security, sustain livelihoods and encourage prosperity, adapt and build resilience to climate change risks while reducing pressure on forests and other ecosystems, incentivizing conservation and to reduce greenhouse gas emissions. Actions will involve the promotion of high yielding livestock, crop diversification, agroforestry, intercropping, greenhouse farming, advanced irrigation systems, soil conservation and organic farming.

The Strategy Options will be delivered via 10 determined cross-cutting policies and measures (PAMs). Each PAM consists of a set of proposed actions, which will be implemented by different organizations/agencies. Some of these interventions are entirely new, while others seek to build on existing initiatives.

It must be emphasized that from the 10 PAMs, 6 of the PAMs are **direct interventions** resulting in a direct change in the carbon stock, while the other 4 PAMs are **enabling interventions**, aimed at facilitating the implementation of direct interventions by putting in place the conditions (institutional and policy reforms, and increased human and financial resources)

that will improve the likelihood of success of the direct interventions.²⁵ In this regard, PAM1 to PAM4 seek to strengthen the institutional capacity for policy development, regulatory enforcement, and operationalization of the NRS. These four enabling PAMs are essential in providing the platform for the transformative actions in PAM5 to PAM10 which focus on implementing a range of transformative actions (Table 1).

Table 1: NRS Policies and Measures (PAMs) and target actions

Bhutan NRS REDD+ PAMs	Target actions
PAM1: Strengthen institutional and sectoral capacity to achieve sustainable forest management	1.1 Undertake a capacity needs assessment for REDD+ implementation and develop a Capacity Development Strategy and Plan. 1.2 Build Institutional capacity for developing and implementation of management plans for forest management Unit (FMUs), protected areas, community forests, local forest management areas, watershed areas and private forests. 1.3 Build capacity building and strengthen National Forest Monitoring Systems (National Forest Inventory, Land Use and Land Cover Monitoring, and Measurement, Reporting and Verification (MRV) for REDD+). 1.4 Build capacity in silvicultural practices, pest and disease management to improve forest productivity through technical training.
PAM2: Strengthen the effectiveness of existing policies and approaches	2.1 Develop and implement effective forest management plans in all SRFL. 2.2 Develop and provide tools for efficient management plan writing (guidelines, templates, software and applications). 2.3 Carry out functional zonation within the forest areas, demarcating forest production areas, watershed areas, wildlife habitats and recreational areas. 2.4 Implement of the already established Protected Areas Zonation Guidelines. 2.5 Strengthen the national forest monitoring system and MRV to keep track of forest cover changes and carbon stock. 2.6 Strengthen forest pest and disease management systems. 2.7 Establish reliable information and monitoring systems on demand, supply and utilization for rural and commercial timber requests.
PAM3: Strengthen cross-sectoral land use planning, coordination and collaboration	3.1 Review and harmonize policies and relevant documents relating to land use and planning. 3.2 Establish a monitoring and evaluation system on land use zoning and regulatory implementation. 3.3 Develop a harmonized national land use a strategic approach, through broad stakeholder consultation. 3.4 Develop and enforce the Zoning Ordinances and the Land Use Strategy through awareness raising, capacity building, and stakeholder engagement. 3.5 Strengthen the National Spatial Information System for land use zoning and improved data collection, processing, and validation.

²⁵ NRS document, Executive summary states “The Strategy Options will be delivered via a number of cross-cutting policies and measures (PAMs). Under each PAM is a set of proposed actions, which will be the responsibility of different organizations. A number of PAMs are devised to develop the enabling environment, in order to ensure that policies, laws, regulation, approaches are strengthened and all work in harmony. These PAMs also address capacity and resource needs. This enabling environment is essential in addressing many of the underlying drivers of deforestation and forest degradation, and in providing the platform for direct interventions. Other PAMs provide direct interventions, which will reduce the impacts of deforestation and forest degradation, while improving livelihoods and other co-benefits. Some of these interventions are entirely new, while others seek to build on existing initiatives.”

<p>PAM4: Strengthen EIA processes for infrastructure proposals</p>	<p>4.1 Review and propose for revision of budget allocation practices, including procurement processes, in order to mitigate environmental damages from infrastructure development.</p> <p>4.2 Evaluate the EIA guidelines and services from stakeholders' perspective to effectively implement the environmental rules and regulation by the third party.</p> <p>4.3 Strengthen the institutional capacity for EIA and compliance monitoring system.</p> <p>4.4 Ensure packaging of EIA for hydropower projects, including hydropower facilities, transmission lines, towers, and roads.</p>
<p>PAM5: Achieve a highly diversified and technology-based timber supply chain</p>	<p>5.1 Undertake a wood flow and market analysis across the entire timber supply chain.</p> <p>5.2 Establish a Forestry and Wood Innovation Hub of integrated wood-based industries.</p> <p>5.3 Develop and increase the capacity of DoFPS, NRDCL and wood-based enterprises to operationalize improved approaches to timber harvesting, processing and value addition.</p> <p>5.4 Promote the utilization of less preferred timber species to reduce pressure on current high-value timber supplies through knowledge products and concepts.</p> <p>5.5 Promote and diversify timber products and value addition through the provision of low-interest finance for small to medium enterprises.</p> <p>5.6 Improve and disseminate efficient wood technologies (harvesting, processing, and recovery).</p> <p>5.7 Set up pilot projects to improve value at different levels of the timber supply chain.</p> <p>5.8 Pilot new technologies and tools in wood-based industries, wood seasoning and treatment.</p> <p>5.9 Update government procurement policies and schedule of rates to show leadership in the use of less preferred timber species and alternative timber products.</p>
<p>PAM6: Adopt fire management approaches that limit impacts on the environment and communities</p>	<p>6.1 Establish fire early warning systems, including communication tools and approaches to ensure that threats to communities are reduced and responses to fires are prompt.</p> <p>6.2 Develop forest fire management planning guidelines, including forest fire management such as control burning, fuel load reduction and replanting.</p> <p>6.3 Carry out survey and mapping of forest fire prone areas (fire hazard map).</p> <p>6.4 Institute, upscale and operationalize forest fire management groups at all levels (village/ gewog/ dzongkhag/ national).</p> <p>6.5 Procure improved firefighting equipment and institute a high-tech forest fire early warning system.</p> <p>6.6 Carry out capacity building on forest fire prevention techniques at the institutional and community level.</p>
<p>PAM7: Establish plantations to provide sustainable wood products supply, increase carbon-stock, and enhance biodiversity</p>	<p>7.1. Establish a Government-Private Joint Plantation and Nursery Development Program.</p> <p>7.2 Establish 2000 - 5000 hectares of new plantations across a range of different ecological regimes for climate mitigation, livelihood development, wildlife habitat enrichment, watershed and soil conservation and recreation.</p> <p>7.3 Implement plantation development norms and standards to promote multi-purpose plantations and species in different ecological and climatic zones.</p> <p>7.4 Build capacity of the private sector and provide guidelines, tools for plantation development and management.</p> <p>7.5 Implement monitoring and evaluation guidelines and tools, capacity building, and conducting ongoing monitoring and evaluation management and control of invasive species.</p>

PAM8: Promote the development of enterprises that sustainably manage non-wood forest products (NWFP)	<p>8.1 Build capacity of the Communities and develop product guidelines to create a broader understanding of sustainable management, harvesting, and the supply chain of NWFP.</p> <p>8.2 Incorporate objectives and actions for the sustainable management of NWFPs in management plans (community forest, watershed, protected areas, and FMU management plans).</p> <p>8.3 Develop micro, small and medium scale rural NWFP enterprises for domestic and international markets and also networking</p>
PAM9: Broaden opportunities for income generation from ecosystem services	<p>9.1 Encourage and promote eco-tourism/ community-based ecotourism (eco-trails, bird watching, fishing, hot springs, rafting, experiential tourism and visitor study).</p> <p>9.2 Train communities on manufacturing and product diversification.</p> <p>9.3 Carry out scoping and operationalize further potential PES schemes.</p> <p>9.4 Support capacity building for triple-bottom line accounting.</p>
PAM10: Develop climate smart approaches in agriculture	<p>10.1 Encourage agroforestry practices for promoting fodder trees and pasture development.</p> <p>10.2 Promote high yielding cattle and a shift to commercial dairy farming.</p> <p>10.3 Integrate fishponds and piggery development.</p> <p>10.4 Encourage integrated farm systems that include organic agriculture, low-impact irrigation, pest management, and soil conservation.</p> <p>10.5 Promote the cultivation of high value and drought-resistant crops.</p> <p>10.6 Support farmers through supply chain development and the formation of cooperatives.</p>

Bhutan’s objectives are to develop a financial vehicle designed to drive the implementation of the NRS and PAMs, through which the required international funding will be raised, and financial allocations will be coordinated²⁶. Three options for funding REDD+ include development grants with national co-financing, loans, and results-based payments. A number of development partners have supported the REDD+ readiness process including the World Bank FCPF, UN-REDD (UNDP, FAO UNEP), ICIMOD-GIZ among others. Bhutan has also been able to access other funds such as the Least Developed Country Fund in the past, but with its graduation into a middle-income country, Bhutan will no longer be eligible.

An optimal scenario that fits the domestic fiscal setting is to seek international grants (direct programme or project-based funding for REDD+) that can be complemented with domestic financing and co-financing and leveraging other international projects. The Green Climate Fund (GCF) is an important opportunity.²⁷

In order to implement and fund the NRS, Bhutan will be required to meet national legislation and safeguard requirements of specific funding agencies, guaranteeing the social and environmental sustainability of REDD+.

²⁶ NRS, 2019, p.43

²⁷ NRS, 2019, p.43

3. Internationally applicable Safeguard commitments

The RGoB seeks to meet the UNFCCC, FCPF and additionally the GCF²⁸ safeguard requirements in a coordinated and cost-effective manner for the REDD+ Strategy implementation. As required, all the UNFCCC Safeguards will apply to all REDD+ interventions, while the FCPF and GCF safeguards applicability will depend on the risks certain interventions of the NRS may pose. The interventions which may pose risk will trigger certain safeguards of the FCPF and GCF. In addition to their safeguard policies, both FCPF and GCF require the Countries to meet the Cancun Safeguards. They also state that their requirements are consistent with UNFCCC.

3.1 UNFCCC safeguard requirements

Although REDD+ is primarily a mechanism to incentivize forest-based climate change mitigation, it is broadly agreed that it should 'do no harm', and where possible go beyond this to 'do good' and achieve multiple (carbon and non-carbon) benefits. Given the potential environmental risks and benefits of REDD+ implementation, Parties to the UNFCCC recognized the need to ensure that the rules and guidance for REDD+ include measures to protect those potentially at risk, particularly indigenous peoples, local communities and biodiversity. Accordingly, they agreed to the adoption of seven safeguards for REDD+ at the 16th Conference of the Parties (COP16) also known as the 'Cancun safeguards' (Box 1).

Box 1: The Cancun safeguards²⁹

When undertaking the activities referred to in paragraph 70 of this decision³⁰, the following safeguards should be promoted and supported:

- (a) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;*
- (b) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;*
- (c) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;*
- (d) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision;*
- (e) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and*

²⁸ As a participating country to the FCPF, the Royal Government of Bhutan (RGoB) has so far received US\$3.8 million from the FCPF to support its REDD+ Readiness activities detailed in its Readiness Preparation Proposal (RPP),²⁸ with an additional grant of US\$4.8 million agreed in February 2018.²⁸ This means that in order to meet its contractual agreement with the FCPF, Bhutan must meet FCPF requirements, which include requirements on safeguards.

²⁹ UNFCCC Decision 1/CP.16 Appendix 1 paragraph 2

³⁰ UNFCCC Decision 1/CP.16 Appendix 1 paragraph 2

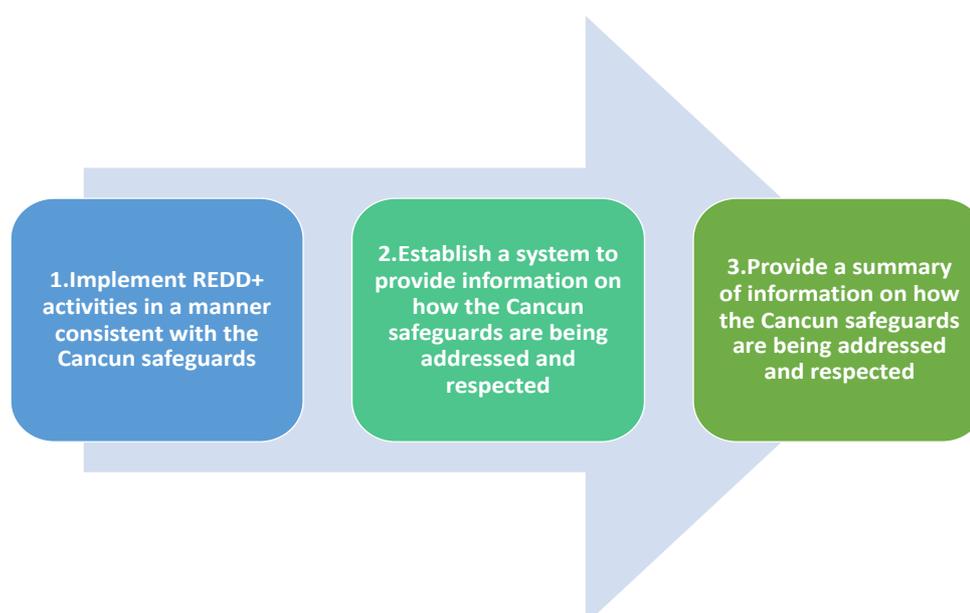
*conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;*³¹

(f) Actions to address the risks of reversals;

(g) Actions to reduce displacement of emissions

The UNFCCC recognizes that safeguards are a key part of REDD+ implementation and **links the Cancun safeguards to results-based payments**, requiring that countries demonstrate how they have addressed and respected them throughout the implementation of their REDD+ activities.³² The safeguards have to be addressed and respected through three requirements which are (i) implement REDD+ activities in a manner consistent with Cancun Safeguards, (ii) establish a system to provide information on how the Cancun safeguards are being addressed and respected and (iii) provide a summary on how the Cancun safeguards are being addressed and respected (Figure 1).

Figure 1: Overview of UNFCCC REDD+ Safeguard requirements



Requirement 1: Implement REDD+ activities in consistent with the Cancun safeguards.

REDD+ activities, regardless of their type of funding source, are to be implemented in such a way that is **consistent** with the Cancun safeguards.³³ This implies that countries should take

³¹Taking into account the need for sustainable livelihoods of indigenous peoples and local communities and their interdependence on forests in most countries, reflected in the United Nations Declaration on the Rights of Indigenous Peoples, as well as International Mother Earth Day.

³² UNFCCC Decision 2/CP.17, Paragraphs 63 and 64, which should be read along with UNFCCC Decision 1/CP.16, Paragraph 69 and Appendix 1, Paragraph 2.

³³ "Agrees that, regardless of the source or type of financing, the activities referred to in decision 1/CP.16 paragraph 70, should be consistent with the relevant provisions included in decision 1/CP.16, including the safeguards in its appendix I" UNFCCC Decision 2/CP.17 paragraph 63

steps to define **how** the Cancun safeguards will be implemented, and to ensure compliance with the safeguards **throughout** the implementation of REDD+ activities.

Requirement 2: Establish a system to provide information on how the Cancun safeguards are being addressed and respected.

The countries implementing REDD+ activities are required to establish a system to provide information on how the seven Cancun safeguards are being addressed and respected in all phases of implementation of the REDD+ activities.³⁴ This is commonly referred to as the **Safeguard Information System (SIS)**³⁵.

According to the UNFCCC guidelines, the SIS should:³⁶

- Be consistent with guidance in decision 1/CP.16, appendix I, paragraph 1³⁷;
- Provide transparent and consistent information that is accessible by all relevant stakeholders and updated on a regular basis;
- Be transparent and flexible to allow for improvements over time;
- Provide information on how all the safeguards are being addressed and respected;
- Be country-driven and implemented at the national level;
- Build upon existing systems, as appropriate.

Requirement 3: Provide a summary of information on how the Cancun safeguards are being addressed and respected

In order to receive results-based payments, countries must present their most recent **summary of information demonstrating how the safeguards have been addressed and respected** which is referred to as the summary of information (SOI).³⁸ The UNFCCC also establishes that the summary of information should be provided periodically, and be included in national communications or other communication channels identified by the COP. An additional and voluntary format for providing information to the UNFCCC is through the UNFCCC REDD+ web platform.³⁹

In the final series of decisions on REDD+, agreed in Paris at COP 21, Parties to the UNFCCC developed some further guidance “on ensuring transparency, consistency,

³⁴ UNFCCC Decision 1/CP.16 Paragraph 71(d).

³⁵ Bhutan has developed a stand-alone document on the SIS: ‘Framework of the Safeguard Information System (SIS) for REDD+ in Bhutan (2019)’

³⁶ UNFCCC Decision 12/CP.17 Paragraph 2

³⁷ Which states that REDD+ activities should: (a) Contribute to the achievement of the objective set out in Article 2 of the Convention; (b) Contribute to the fulfilment of the commitments set out in Article 4, paragraph 3, of the Convention; (c) Be country-driven and be considered options available to Parties; (d) Be consistent with the objective of environmental integrity and take into account the multiple functions of forests and other ecosystems; (e) Be undertaken in accordance with national development priorities, objectives and circumstances and capabilities and should respect sovereignty; (f) Be consistent with Parties’ national sustainable development needs and goals; (g) Be implemented in the context of sustainable development and reducing poverty, while responding to climate change; (h) Be consistent with the adaptation needs of the country; (i) Be supported by adequate and predictable financial and technology support, including support for capacity-building; (j) Be results-based; (k) Promote sustainable management of forests;

³⁸ Decision 9/CP, Paragraph 4, UNFCCC Decision 2/CP.17, op cit, Paragraph 63 and 64.

³⁹ Decision 12/CP.19, Paragraph 2 and 3

comprehensiveness and effectiveness when informing on how all the safeguards referred to in decision 1/CP.16, appendix I, are being addressed and respected.”⁴⁰

As part of this guidance, the COP “strongly encourages” developing country Parties, when providing the summary of information on how the Cancun safeguards are being addressed and respected, to include, inter alia, “[a] description of each safeguard in accordance with national circumstances.”⁴¹

3.2 Forest Carbon Partnership Facility safeguard requirements

The FCPF safeguard requirements under Readiness Fund, have two dimensions: substantive, and procedural.

Substantive Requirements

Countries receiving FCPF funding for readiness preparation through the World Bank are required to ensure compliance with the FCPF Readiness Fund’s Common Approach to environmental and social safeguards for multiple delivery partners.⁴² According to the Common Approach, participating countries are expected to achieve ‘substantial equivalence’ to the World Bank’s environmental and social safeguard policies and procedures applicable to the FCPF Readiness Fund.⁴³

The current environmental and social policies of the World Bank which are known as the ‘Safeguards Policies’⁴⁴ are the mechanism for addressing environmental and social issues in project design, implementation and operation. These safeguard policies can be found in the World Bank’s Operational Manual, which is composed of individual Operational Policies and Procedures (OPs).

Bhutan relevant OPs and associated procedures for REDD+ in accordance with the World Bank Common Approach are outlined in section 5.2 (Table 4).⁴⁵ The approach is to ensure that environmental and social concerns are integrated into the NRS process, and safeguards are complied with.

Procedural Requirements

The Readiness Fund has two procedural safeguard requirements, namely the:

⁴⁰ UNFCCC Decision 17/CP.21, see also UN-REDD [brief on summaries of information](#)

⁴¹ Ibid, paragraph 5(b) see also UN-REDD [brief on summaries of information for further analysis](#)

⁴² UN REDD FCPF (2012) R-PP Template Annexes Version 6, for Country Use p. 44

⁴³ According to FCPF, this means “equivalence to the material elements of the WB’s environmental and social safeguard policies and procedures applicable to the FCPF Readiness Fund (“Substantial Equivalence”) during the administration of the FCPF Readiness Preparation grant agreement”, p. 2, FCPF (2011) Readiness Fund Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners. <https://www.forestcarbonpartnership.org/sites/fcp/files/Documents/PDF/Nov2011/FCPF%20Readiness%20Fund%20Common%20Approach%20Final%2010-Aug-2011%20Revised.pdf>

⁴⁴ World Bank webpage <http://www.worldbank.org/en/projects-operations/environmental-and-social-policies> (accessed August 2018)

⁴⁵ FCPF Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners, Section III, paragraph 14. Weblink: <https://www.forestcarbonpartnership.org/sites/fcp/files/Documents/PDF/Aug2012/FCPF%20Readiness%20Fund%20Common%20Approach%208-9-12.pdf>

- Strategic Environmental and Social Assessment (SESA) and
- Environmental and Social Management Framework (ESMF).

The SESA stems from environmental assessment (EA) requirements of the World Bank.⁴⁶ It has to be an inclusive process whereby the REDD+ country, with the participation of all potentially affected stakeholders, aims to identify impacts and risks among different strategic REDD+ options. During the SESA process these impacts are assessed by the various stakeholders.

As a direct output of this SESA process all REDD+ countries must produce an ESMF.⁴⁷ The ESMF lays out principles, rules, guidelines and procedures for assessing issues and impacts associated with planned REDD+ activities that may occur in the future but are not presently known or are uncertain.⁴⁸ It largely provides a framework for REDD+ countries to address environmental and social issues while implementing their REDD+ Strategy.

3.3 Green Climate Fund safeguard requirements

The GCF is currently using the International Finance Corporation’s (IFC) Performance Standards for Environmental and Social Sustainability as its ‘interim’ Environmental and Social Safeguards (ESS) standard⁴⁹, which consists of eight performance standards (Figure 2). These standards require demonstration of environmental and social outcomes and the way the risks and impacts have been managed in the course of implementing the results-generating activities.

As countries seek to access results-based payments (RBP) through the REDD+ RBP Pilot Programme, the REDD+ interventions will be assessed retroactively based on how the environmental and social risks and impacts have been managed in consistent with the applicable and relevant requirements of the GCF’s ESS. This is mainly because GCF policies and procedures were designed for upfront investments, whereas the REDD+ RBP pilot programme includes payments for results from investments which were made in the past.

According to the GCF, determining which of the GCF ESS are applicable to the REDD+ interventions will take into consideration the gaps assessed between the requirements of the GCF safeguards, Cancun Safeguards and the country’s interpretation.⁵⁰

Figure 2 IFC Performance Standards

⁴⁶ See OP 4.01 – Environmental Assessment, para. 7; and Annex A, para. 10.

⁴⁷ R-PP Template, Component 2d, p. 44.

⁴⁸ Common Approach, p. 47, para. 23.

⁴⁹ Decision B.07/02.

⁵¹ The GCF refers to an ‘Environmental and Social Management System’ rather than a “Environmental and Social Management Framework”



Performance Standard 1 establishes the importance of (i) integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (iii) the client’s management of environmental and social performance throughout the life of the project.

Performance Standards 2 through 8 establish objectives and requirements to avoid, minimize, and where residual impacts remain, to compensate/offset for risks and impacts to workers, affected communities, and the environment. While all relevant environmental and social risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe the potential environmental and social risks and impacts that require particular attention. Where environmental or social risks and impacts are identified, the client is required to manage them through its Environmental and Social Management System (ESMS)⁵¹ consistent with Performance Standard 1.

GCF’s ESS ‘Assessment and Management of Environmental and Social Risks and Impacts’, requires that countries conduct a process of environmental and social assessment and establish and maintain an ESMS. The environmental and social assessment process may comprise a full-scale environmental and social impact assessment, or a limited/focused environmental and social assessment.⁵² The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail. The process will consider all relevant environmental and social risks and impacts of the project/activity, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts.

⁵¹ The GCF refers to an ‘Environmental and Social Management System’ rather than a ‘Environmental and Social Management Framework’

⁵² IFC, Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts paragraph 7, January 2012

3.4 Addressing the FCPF and GCF requirements through a common REDD+ social and environmental management framework

The FCPF and GCF require countries to demonstrate that they have undertaken strategic environmental and social assessments of REDD+ activities and have prepared a **safeguard management framework** or a plan to address and mitigate risks. RGoB seeks to meet the UNFCCC⁵³, GCF⁵⁴ and the FCPF⁵⁵ safeguard requirements at a minimum, and in a coordinated and cost-effective manner, therefore, it is important to address the requirement of both FCPF and GCF through the ESMF development process. The development of the ESMF has been done in consideration of the FCPF and GCF's main components, guidance and principles with regard to the preparation of a REDD+ safeguards management framework.

GCF: Components, principles, and guidance for the REDD+ safeguards management framework

Depending on the nature and scale of the proposed REDD+ interventions, the ESMS for the GCF may consist of some documented combination of operational procedures, practices, plans, and related supporting documents. Where the identified risks and impacts cannot be avoided, the country will identify mitigation and performance measures and establish corresponding actions to ensure that the project will operate in compliance with applicable laws and regulations and meet the requirements of Performance Standards 1 through 8.

The management programs will establish environmental and social Action Plans, which will define desired outcomes and actions to address the issues raised during the risks and impacts identification process. As appropriate, the management program will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts. Recognizing the dynamic nature of the project, the management program will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.

The GCF ESS require relevant stakeholders have access to grievance mechanisms. The grievance mechanism should receive and facilitate resolution of Affected Communities' concerns and grievances concerning environmental and social performance. The grievance mechanism should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies. Affected Communities should have access to all information about the mechanism in the course of the stakeholder engagement process.

FCPF: Components, principles, and guidance for the REDD+ safeguards management framework

⁵³ NRS, 2019, p.52

⁵⁴ NRS, 2019, p.43

⁵⁵ As a participating country to the FCPF, the Royal Government of Bhutan (RGoB) has so far received US\$3.8 million from the FCPF to support its REDD+ Readiness activities detailed in its Readiness Preparation Proposal (RPP),⁵⁵ with an additional grant of US\$4.8 million agreed in February 2018.⁵⁵ This means that in order to meet its contractual agreement with the FCPF, Bhutan must meet FCPF requirements, which include requirements on safeguards.

The ESMF for the FCPF lays out principles, rules, guidelines and procedures for assessing issues and impacts associated with planned REDD+ activities that may occur in the future but are not presently known or are uncertain.⁵⁶ It largely provides a framework for REDD+ countries to address environmental and social issues while implementing their REDD+ Strategy. For the ESMF to ensure compliance with the applicable safeguards, it has to contain specific sections addressing the requirements of the applicable safeguards drawing from the country-specific information that would resemble the frameworks and plans as relevant:

- Environmental and social assessment: An environmental and social management framework to address any potential environmental impacts and risks, including cumulative and/or indirect impacts of multiple activities;
- Involuntary resettlement: A restriction of access framework to address any potential land acquisition and/or physical relocation, loss of livelihoods or restriction or loss of access to natural resources, including legally designated parks and protected areas;
- Stakeholder engagement and dispute resolution: A stakeholder engagement and grievance resolution framework to ensure ongoing communication with stakeholders, good faith consideration of their concerns and mechanisms to resolve any grievances in accordance with the FCPF requirements for Stakeholder Engagement.

In addition to developing a safeguards management framework for REDD+, the FCPF also requires countries to prepare:

- A Benefit Sharing Plan which must provide details on the process, distribution criteria and timelines, types of beneficiaries, as well as a description of a relevant grievance redress mechanism.
- A Feedback and Grievance Redress Mechanism (FGRM) to settle disputes between actors if and when their rights have not been duly recognized or respected.

⁵⁶ Common Approach, p. 47, para. 23.

4. Potential Social and Environmental Impacts identified in the Strategic Environmental and Social Assessment (SESA)

The FCPF and GCF require countries to implement a SESA. This was done in Bhutan through a desk-based assessment using the existing participatory and consultative process implemented in relation to REDD+ since 2010. The objective of the SESA was to identify, assess and prioritize the possible social and environmental impacts that may arise from the implementation of the NRS. The detailed description of the SESA process in Bhutan⁵⁷ is provided in the separate SESA report.

4.1 Negative impacts and risks associated with implementation of the direct PAMs

Potential risks that may arise from the implementation of the direct PAMs associated with the NRS have been identified and prioritized (table 5), along with the World Bank environmental and social policies that would likely be triggered as a consequence of these risks.

The NRS is composed of 10 PAMs, out of which PAMs 1 to 4 are enabling interventions while PAMs 5 to 10 are direct interventions (section 3 and NRS). The direct interventions are the ones being assessed as they involve specific and often local/on the ground activities. Their environmental and social impacts and risks can be evaluated with more specificity than the enabling actions that act to facilitate the implementation of direct interventions. Since the influences of enabling interventions is generally indirect⁵⁸ the risks they pose are evaluated differently than the risks of direct interventions.

The adverse impacts and risks for the direct PAMs were identified and prioritized during the SESA process in Bhutan (Table 2). The PAM target actions are included to bring clarity to the PAMs objectives and accordingly impacts and risks identified according to PAMs (Table 2).

Table 2: Key environmental and social adverse impacts and risks identified and prioritized during the SESA for each direct PAMs

⁵⁷ Initial capacity building was held with TWG members and a larger group of stakeholders including Dzongkhag representatives and NGOs in August 2017; Two SESA consultation workshops held in March and June 2018: Regional SESA workshop was held for the Eastern region in Phuentsholing, and one SESA workshop for the Central and Western regions was held in Paro.

⁵⁸ Because enabling PAMs are not directly linked to a specific on the ground activity, the risks that may arise are generally linked to the poor design of the PAM. Generally, the potential risks of enabling PAMs are best mitigated by ensuring the full and effective participation of relevant stakeholders.

PAM5: Achieve a highly diversified and technology-based timber supply chain

Target actions:

- 5.1 Undertake a wood flow and market analysis across the entire timber supply chain.
- 5.2 Establish a Forestry and Wood Innovation Hub of integrated wood-based industries.
- 5.3 Develop and increase the capacity of DoFPS, NRDCL and wood-based enterprises to operationalize improved approaches to timber harvesting, processing and value addition.
- 5.4 Promote the utilization of alternative less preferred timber species to reduce pressure on current high-value timber supplies through knowledge products and concepts.
- 5.5 Promote and diversify timber products and value addition through the provision of low-interest finance for small to medium enterprises.
- 5.6 Improve and disseminate efficient wood technologies (harvesting, processing, and recovery).
- 5.7 Set up pilot projects to improve value at different levels of the timber supply chain.
- 5.8 Pilot new technologies and tools in wood-based industries, wood seasoning and treatment.
- 5.9 Update government procurement policies and schedule of rates to show leadership in the use of less preferred timber species and alternative timber products.

Social Risks

- Loss of traditional knowledge as modern technologies slowly replace traditional practices (process loss)
- High investment cost, therefore smaller wood-based industries may be negatively affected due to lack of initial start-up capital

Environmental Risks

- Increased illegal activities
- Increased demand for timber resources
- More technology can lead to more harvesting, which could create decline in biodiversity and habitat loss

PAM6: Adopt fire management approaches that limit impacts on the environment and communities

- 6.1 Establish fire early warning systems, including communication tools and approaches to ensure that threats to communities are reduced and responses to fires are prompt.
- 6.2 Develop forest fire management planning guidelines, including forest fire management such as control burning, fuel load reduction and replanting.
- 6.3 Carry out survey and mapping of forest fire prone areas (fire hazard map).
- 6.4 Institute, upscale and operationalize forest fire management groups at all levels (village/ gewog/ dzongkhag/ national).
- 6.5 Procure improved firefighting equipment and institute a high-tech forest fire early warning system.
- 6.6 Carry out capacity building on forest fire prevention techniques at the institutional and community level.

Social Risks

- Reduced quality and quantity of palatable species for livestock
- May have negative impact on poorer people’s livelihoods, (e.g. those who set fires for grazing)

Environmental Risks

- Increased leaf litter might intensify forest fires and affected regeneration
- May lead to increased risk of extermination of endemic species and fire-sensitive species
- Increased risk of forest fire because of improper execution of controlled burning

PAM7: Establish plantations to provide sustainable wood products supply, increase carbon-stock, and enhance biodiversity

7.1. Establish a Government-Private Joint Plantation and Nursery Development Program.

7.2 Establish 2000 - 5 000 hectares of new plantations across a range of different ecological regimes for climate mitigation, livelihood development, wildlife habitat enrichment, watershed and soil conservation and recreation.

7.3 Implement plantation development norms and standards to promote multi-purpose plantations and species in different ecological and climatic zones.

7.4 Build capacity of the private sector and provide guidelines, tools for plantation development and management.

7.5 Implement monitoring and evaluation guidelines and tools, capacity building, and conducting ongoing monitoring and evaluation management and control of invasive species.

Social Risks

- Increased incidences of human-wildlife conflict because plantations will improve wildlife habitat
- Reduced food self-sufficiency with probable conversion of agricultural land into private forest
- Increased competition for use of land.

Environmental Risks

- Increased risk of pest and diseases due to monoculture plantation
- Replacement of native species and reduced natural habitat for wildlife (when plantation replaces natural forests)

PAM8: Promote the development of enterprises that sustainably manage non-wood forest products

8.1 Build capacity of the Communities and develop product guidelines to create a broader understanding of sustainable management, harvesting, and the supply chain of NWFP.

8.2 Incorporate objectives and actions for the sustainable management of NWFPs in management plans (community forest, watershed, protected areas, and FMU management plans).

8.3 Develop micro, small and medium scale rural NWFP enterprises for domestic and international markets and also networking

Social Risks

- Unequal benefit sharing between genders and age groups
- Divert interest from mainstream agriculture and livestock by shifting to more lucrative activities
- Increased dependency on easy access to high value NWFP
- Market competition and price fluctuation
- Increased NWFP harvesting may benefit large operators who will capture most resources and harm small collectors

Environmental Risks

- Introduction of exotic species
- Increased resource exploitation due to improved capacity, which can lead to overexploitation or increased negative impacts on resources.
- Over harvesting from the forests as they fetch a higher price
- Chances of pest and disease outbreaks with domestication
- Replacement of agriculture crops
- Increased pollution due to increasing commercial activities
- Increased Human-wildlife conflict

PAM9: Broaden opportunities for income generation from ecosystem services

9.1 Encourage and promote eco-tourism/ community-based ecotourism (eco-trails, bird watching, fishing, hot springs, rafting, experiential tourism and visitor study).

9.2 Train communities on manufacturing and product diversification.

9.3 Carry out scoping and operationalize further potential PES schemes.

9.4 Support capacity building for triple-bottom line accounting.

Social Risks

- Increased human-wildlife conflict due to development of infrastructures and facilities in wilderness
- Surplus products and underutilization (for instance too many homestays leading to failure)
- Restricted access to resources (protection for tourism may restrict access to these resources for local people)
- Inequality of access to resources and benefit sharing among communities, elite capture of business leading to intra-community conflicts
- Increased competition for land uses such as for agriculture, hotel, homestays.

Environmental Risks

- Increased Environmental pollution along trails and tracks due to tourists
- Increased Disturbance to wildlife
- Increased Risk of introducing exotic species
- Increased Illegal collection of specimens

PAM 10: Develop climate smart approaches in agriculture

10.1 Encourage agroforestry practices for promoting fodder trees and pasture development.

10.2 Promote high yielding cattle and a shift to commercial dairy farming.

10.3 Integrate fishponds and piggery development.

10.4 Encourage integrated farm systems that include organic agriculture, low-impact irrigation, pest management, and soil conservation.

10.5 Promote the cultivation of high value and drought-resistant crops.

10.6 Support farmers through supply chain development and the formation of cooperatives.

Social Risks

- High inputs (cost) on organic way of farming for lower volume
- Lack of capacity to take up smart agriculture farming
- Conventional farmers will not be able to adopt/compete with smart farming
- Loss of traditional system of farming
- Loss of native livestock species
- Exclusion of illiterate farmers
- Land fragmentation and displacement of small-scale farms.

Environmental Risks

- May cause degradation due to infrastructure development such as damage to irrigation channels, soil erosions, wildlife etc.
- Restriction of wildlife movement due to electric fencing and other structures
- Micro habitat destruction due to construction of basic amenities
- Increased invasive species (through pasture development/feeds & fodder). Import of feeds/fodders (for livestock) may lead to introduction of exotic grass species (eg: congress grass)

4.2 Applicable and triggered safeguards

The applicable safeguards for REDD+ in Bhutan are the UNFCCC, FCPF and GCF REDD+ safeguard requirements (section 3). The triggered safeguards for REDD+ in Bhutan are determined by the potential adverse impacts and risks of the NRS implementation identified and prioritized during the SESA process.

For the UNFCCC REDD+ safeguards⁵⁹, the emphasis is given on **the seven safeguards expected to be applied** to the five REDD+ activities recognized by the UNFCCC: reducing emissions from deforestation, reducing emissions from forest degradation, sustainable forest management, conservation of forest carbon stocks, and enhancement of forest carbon stocks. As part of the ESMF, Bhutan have worked on how to apply the UNFCCC REDD+ safeguards through its existing legal framework when undertaking REDD+ actions (section 6). The UNFCCC REDD+ safeguards are intended **to be applied to direct interventions**, which will likely have an eventual “on the ground” impact (negative or positive) on relevant stakeholders.

For the FCPF and GCF, a more traditional ‘risk-based’ approach to safeguards applies. It is based on a risk management process aimed to insure against the negative impacts/risk of a certain type of activity triggering specific safeguards and mitigation measures. In Bhutan, the **social and environmental impacts and risks** of REDD+ PAMs were identified and prioritized through the SESA process (section 5.1). Based on these impacts and risks, specific **safeguards are triggered** and require the development of management plans or procedures to avoid and mitigate them. Based on the SESA results, the triggered policies for Bhutan are:

- WB OP 4.01: Environmental Assessment
- WB OP 4.04: Natural Habitats
- WB OP 4.36 Forests
- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Table 3: Triggered safeguards in Bhutan

WB Operational Policy

⁵⁹ Safeguards’ is a term that can be traced back to financial institutions such as the World Bank, who use it to refer to measures designed to prevent and mitigate undue harm from investment or development activities. Therefore, the traditional approach of safeguards is to take a ‘risk-based approach’, which involves pricing and prioritising risks according to a logic of economically efficient ‘risk management’. A risk management process aims to insure against the risk of a certain type of activity triggering an initiative’s safeguard accountability mechanisms. In contrast, a ‘rights-based approach’ to safeguards prioritises the protection of the individual or collective rights of those affected. Rather than focus on financial conditionalities, the wording of the UNFCCC REDD+ Safeguards mirrors that of relevant international legal instruments, many of which grant substantive rights (including the rights of indigenous peoples and local communities). This would suggest that the UNFCCC REDD+ Safeguards were intended to go beyond merely ensuring that investments do no harm to vulnerable people and ecosystems and require positive actions to operationalise the rights to which they refer, particularly in terms of indigenous peoples’ rights. In fact, the Cancun Agreement indicates the intention of the Parties that REDD+ activities should actively pursue benefits beyond carbon emission reductions, such as enhancing land tenure security, enhancing biodiversity and other ecosystem services, improving forest governance and empowering relevant stakeholders by ensuring participation, among other things.

WB OP 4.01: Environmental Assessment⁶⁰:	To help ensure the environmental and social soundness and sustainability of investment projects/strategies and to support integration of environmental and social aspects into the decision-making process
WB OP 4.04: Natural Habitats⁶¹:	To promote environmentally sustainable development by supporting the protection, maintenance, and rehabilitation of natural habitats and their functions;
WB OP 4.36 Forests⁶²:	To realize the potential of forests to reduce poverty in a sustainable manner, integrate them into sustainable economic development, and protect the vital local and global environmental values of forests;

IFC Performance Standard	
IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	This standard underscores the importance of managing environmental and social risks and impacts of the life of the REDD+ programme. It applies to REDD+ interventions with environmental and social impacts ⁶³ .
IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	This standard focuses on protecting and conserving biodiversity ⁶⁴ , ecosystem services, and living natural resources. Based on the process of environmental and social assessment, the requirements of this Performance Standard are applied to activities ⁶⁵ : (i) located in or near critical habitats, (ii) that potentially impact on or are dependent on ecosystem services, (iii) that has direct management control or significant influence; or, (iii) that include the management of natural resources ⁶⁷

Accordingly, for each of the impacts and risks identified during the SESA, the triggered safeguards (Table 3) were identified along with general mitigation measures (Table 4) to be used as guidance for REDD+ Implementing Agencies when applying the ESMF (Section 7).

Table 4: Link between the SESA (impacts/risks of direct PAMs), potential mitigation measures and triggered international safeguards

⁶⁰ **Environmental Assessment**

[Annex B - Application of EA to Projects Involving Pest Management](#)

[Annex A - Definitions](#)

[Annex B - Content of an Environmental Assessment Report for a Category A Project](#)

[Annex C - Environmental Management Plan](#)

⁶¹ **Natural Habitats**

⁶² **Forests**

⁶³ Paragraph 4, Assessment and Management of Environmental and Social Risks and Impacts

⁶⁴ This is defined by the Convention on Biological Diversity as being "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems."

⁶⁵ Ecosystem services are defined as: "the benefits that people, including businesses, derive from ecosystems"

⁶⁶ Paragraph 5, page 41, IFC Performance Standard 6

⁶⁷ The example given for production of natural resources are: agriculture, animal husbandry, fisheries, forestry

PAM	Potential environmental and social impacts	Potential general mitigation measures to guide future Implementing Agencies	Relevant WB OP	Relevant IFC Performance Standard (GCF)
<p>PAM5: Achieve a highly diversified and technology-based timber supply chain</p>	<p><u>Social:</u></p> <ul style="list-style-type: none"> • Loss of traditional knowledge as modern technologies slowly replace traditional practices (process loss) • High investment cost, therefore smaller wood based industries may be negatively affected due to lack of initial start-up capital <p><u>Environmental:</u></p> <ul style="list-style-type: none"> • Increased illegal activities • Increased demand for timber resources • More technology can lead to more harvesting, which could create decline in biodiversity and habitat loss 	<ul style="list-style-type: none"> • Document of traditional knowledge and processes (study and criteria to preserve) • Encourage cooperatives and provide access to existing subsidies • Develop smart patrolling (drones) • Carry out proper resource assessment (SFM) 	<p>O.P. 4.04 O.P. 4.36 O.P. 4.01</p>	<p>IFC 6</p>
<p>PAM6: Adopt forest fire management approaches that limit impacts on the environment and communities</p>	<p><u>Social:</u></p> <ul style="list-style-type: none"> • Reduced quality and quantity of palatable species for livestock • May have negative impact on poorer people's livelihoods, (e.g. those who set fires for grazing) <p><u>Environmental:</u></p> <ul style="list-style-type: none"> • Increased leaf litter might intensify forest fires and affected regeneration • May lead to increased risk of extermination of endemic species and fire-sensitive species • Increased risk of forest fire because of improper execution of controlled burning 	<ul style="list-style-type: none"> • Encourage agro-forestry • Provide alternative livelihood opportunities • Professionally and meticulously execute controlled burning 	<p>O.P. 4.04 O.P. 4.36</p>	<p>IFC 1 IFC6</p>

<p>PAM7: Establish plantations to provide sustainable wood products supply, increase carbon-stock, and enhance biodiversity</p>	<p><u>Social:</u></p> <ul style="list-style-type: none"> • Increased incidences of human-wildlife conflict because plantations will improve wildlife habitat • Reduced food self-sufficiency with probable conversion of agricultural land into private forest • Increased competition for use of land <p><u>Environmental:</u></p> <ul style="list-style-type: none"> • Increased risk of pest and diseases due to monoculture plantation • Replacement of native species and reduced natural habitat for wildlife (when plantation replaces natural forests) 	<ul style="list-style-type: none"> • Strengthen the Endowment Fund • Promote electric fencing • Encourage plantations in non-arable land • Strengthen monitoring and create awareness • Define, identify and restrict/ restrict 'forest land to allow regeneration • Encourage mixed species plantations • Follow existing plantation norms and standards • Strengthen biosafety measures 	<p>O.P. 4.01 O.P 4.04 O.P 4.36</p>	<p>IFC 6</p>
<p>PAM8: Promote the development of enterprises that sustainably manage non-wood forest products</p>	<p><u>Social:</u></p> <ul style="list-style-type: none"> • Unequal benefit sharing between genders and age groups • Divert interest from mainstream agriculture and livestock by shifting to more lucrative activities • Increased dependency on easy access to high value NWFP • Market competition and price fluctuation • Increased NWFP harvesting may benefit large operators who will capture most resources and harm small collectors <p><u>Environment:</u></p> <ul style="list-style-type: none"> • Introduction of exotic species • Increased resource exploitation due to improved capacity, which can lead to overexploitation or increased negative impacts on resources 	<ul style="list-style-type: none"> • Ensure efficient benefit sharing mechanism • Enforce land use through existing PLRs • Focus on niche products and branding (brand Bhutan) • Encourage cooperatives and groups • Strengthen biosafety measures • Follow management plans • Domesticated and cultivation of potential NWFPs • Strengthen M&E • Enforce waste management 	<p>O.P. 4.01 O.P. 4.04 O.P. 4.36</p>	<p>IFC1 IFC 6</p>

	<ul style="list-style-type: none"> • Over harvesting from the forests as they fetch a higher price • Chances of pest and disease outbreaks with domestication • Replacement of agriculture crops • Increased pollution due to increasing commercial activities • Increased Human-wildlife conflict 			
PAM9: Broaden opportunities for income generation from ecosystem services	<p><u>Social:</u></p> <ul style="list-style-type: none"> • Increased human-wildlife conflict due to development of infrastructures and facilities in wilderness • Surplus products and under utilization (for instance too many homestays leading to failure) • Restricted access to resources (protection for tourism may restrict access to these resources for local people) • Inequality of access to resources and benefit sharing among communities, elite capture of business leading to intra-community conflicts • Increased competition for land uses such as for agriculture, hotel, homestays <p><u>Environment:</u></p> <ul style="list-style-type: none"> • Increased Environmental pollution along trails and tracks due to tourists • Increased Disturbance to wildlife • Increased Risk of introducing exotic species • Increased Illegal collection of specimens 	<ul style="list-style-type: none"> • Promote Electric/solar fencing • Carry out plantation of fruit and fodder trees • Institute Endowment fund for HWC • Plan and carry out proper need assessment for quality enhancement of tourism • Strengthen M&E and institute distribution system within community • Follow park regulations with due diligence • Enforce land act and community clearance • Carry out strict monitoring for tour operations for waste management • Ensure tours to be guided by licensed guides 	O.P. 4.01 O.P. 4.04	IFC1 IFC 6

<p>PAM10: Develop climate smart approaches in agriculture</p>	<p><u>Social:</u></p> <ul style="list-style-type: none"> • High inputs (cost) on organic way of farming for lower volume • Lack of capacity to take up smart agriculture farming • Conventional farmers will not be able to adopt/compete with smart farming • Loss of traditional system of farming • Loss of native livestock species • Exclusion of illiterate farmers • Land fragmentation and displacement of small-scale farms. <p><u>Environment:</u></p> <ul style="list-style-type: none"> • May cause degradation due to infrastructure development such as damage to irrigation channels, soil erosions, wildlife etc. • Restriction of wildlife movement due to electric fencing and other structures • Micro habitat destruction due to construction of basic amenities • Increased invasive species (through pasture development/feeds & fodder). Import of feeds/fodders (for livestock) may lead to introduction of exotic grass species (eg: congress grass) 	<ul style="list-style-type: none"> • Promote mechanization/labour saving devices • Build capacity on agriculture farming • Strengthen Participatory planning process • Encourage/promote biogas use • Follow EIA regulations and carry out proper planning 	<p>O.P 4.01 O.P 4.04</p>	<p>IFC 1 IFC 6</p>
--	--	---	------------------------------	------------------------

5. Summary of applicable legal and institutional framework to be used for ensuring consistency with the UNFCCC safeguards

Countries have been using their existing governance arrangements (e.g. PLRs, institutional frameworks, information systems, etc.) to ensure consistency with UNFCCC REDD+ safeguards throughout the implementation of their REDD+ actions. The first step to doing this is by Identifying and assessing the existing governance arrangements.

Given that the legal framework of the country generally protects and regulates many of the objectives enshrined in the UNFCCC REDD+ Safeguards, the identification of the relevant aspects of the legal framework in Bhutan was the basis to be able to determine 'how' the country will ensure REDD+ activities are carried out in consistency with the UNFCCC REDD+ safeguards. Accordingly, legal and institutional analysis was carried out in 2018 and included in the document 'Recommendations for addressing the UNFCCC REDD+ Safeguards in Bhutan:

identification and assessment of the relevant legal framework⁶⁸. The identification and detailed analysis of Bhutan’s legal and institutional framework demonstrates that Bhutan’s PLRs are largely consistent with the UNFCCC REDD+ safeguards.

For each UNFCCC REDD+ Safeguard is provided:

- The clarification of the UNFCCC REDD+ safeguards in accordance to Bhutan’s national context and circumstances; and
- In tabular format, the identification of Bhutan’s relevant Policies, Laws and Regulations (PLRs) that are to be used to ensure the application of the safeguards, and additional and novel REDD+ specific governance arrangements (e.g. protocols, guidelines, etc.) which may be needed.

5.1 UNFCCC REDD+ Safeguard A

‘That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements’

Bhutan Clarification of UNFCCC REDD+ Safeguard A: "The National REDD+ Strategy & Action Plan is designed in compliance with the objectives of national forest programmes, and consistent with the objectives of relevant treaties and international conventions Bhutan is Party to"

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
Consistency with national forest programmes	
<ul style="list-style-type: none"> • The legal framework in Bhutan sets out clear objectives and priorities relating to forests through its National Forest Policy (NFP)⁶⁹ • The Constitution of the Kingdom of Bhutan requirement of 60% of the country’s total land to be maintained under forests for all times to come⁷⁰. • Legal requirements exist to ensure consistency of all REDD+ interventions and investments with relevant PLRs. For instance, NFP objectives are enshrined in the Constitution of the Kingdom of Bhutan and any PLRs inconsistent with the Constitution are null and void⁷¹. Furthermore, the Protocol for Policy Formulation of the Royal Government of Bhutan (PPFP) requires that new policies do not conflict with other existing policies, laws and regulations⁷². 	N/A

⁶⁸ Recommendations for addressing the UNFCCC REDD+ Safeguards in Bhutan: identification and assessment of the relevant legal framework’, WMD, January 2018

⁶⁹ Bhutan National Forest Policy, 1974

⁷⁰ Article 5.3 requires the Government to ensure a minimum of 60% of the total country land under forest.

⁷¹ The Constitution 2008 Article 1.10: “...the provisions of any law, whether made before or after the coming into force of this Constitution, which are inconsistent with this Constitution, shall be null and void.”

⁷² Clause 2(iv) of the Protocol for Policy Formulation of the Royal Government of Bhutan (PPF) states, “While formulating/revising the draft policy, proponent should ensure that as a minimum, there is no conflict between the proposed policy and other existing policies, laws, and regulations.” Stage Two: Policy Formulation and Approval Stage

<ul style="list-style-type: none"> In practice, any new policies are screened by the Gross National Happiness Commission (GNHC) secretariat to ensure consistency with existing policies, including the NFP. 	
Consistency with relevant international conventions and treaties	
<ul style="list-style-type: none"> Bhutan is Party to thirty relevant international conventions⁷³ and agreements that are to be recognized and applied to contribute to the safeguard's application. International Law is incorporated into the domestic legal system of Bhutan by Parliamentary ratification⁷⁴. The PLRs state that all international instruments acceded to by the Government and ratified by the Parliament shall be deemed to be the law of Bhutan unless it is inconsistent with the Constitution⁷⁵. The Courts are also mandated to apply International Convention, Covenant, Treaty and Protocol that are duly acceded by the Royal Government of Bhutan and ratified by the National Assembly of Bhutan⁷⁶. In practice, any new policies are screened by the GNHC secretariat to ensure consistency with the objectives of relevant international conventions and agreements to which Bhutan is a Party. 	N/A

5.2 UNFCCC REDD+ Safeguard B

'Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;'

Bhutan Clarification of UNFCCC REDD+ Safeguard B: "Transparency and effectiveness of forest governance structures - which includes the right to access information, accountability of civil servants and public budgets, integration of social, economic and environmental considerations into decision-making, cross sectoral coordination, access to justice, the equitable distribution of benefits, gender equality and the recognition and protection of forest land use rights - are promoted and regulated throughout the implementation of the National REDD+ strategy in accordance with national legislation."

⁷³ See K Recommendations for addressing the UNFCCC REDD+ Safeguards in Bhutan: identification and assessment of the relevant legal framework', WMD, January 2018

⁷⁴ The procedure for implementing/incorporating international law into national legal framework is provided in 3 different legislations – the Constitution of Bhutan, the Rules of Procedure for Treaty Making 2016 (RPTM), and the Civil and Criminal Procedure Code of Bhutan 2001 (CCPCB). Clause 6 of the RPTM also states that: "The Government shall propose for enactment of a domestic legislation before or during ratification of the treaty if national implementation cannot be carried out without domestic legislation".

⁷⁵ Article 7.25 of the Constitution

⁷⁶ Civil and Criminal Procedure Code of Bhutan 2001 section 29

1) International Plant Protection Convention, Rome, 1951. 2) Plant Protection Agreement for the South-East Asia and Pacific Region (as amended), Rome 1956. 3) Agreement for the Establishment of a Commission for Controlling the Desert Locust in the Eastern Region of its Distribution Area in South-West Asia (as amended), Rome, 1963. 4) Convention on Wetlands of International Importance Especially as Waterfowl Habitat, Ramsar, 1971 and its amending Protocol, Paris, 1982. 5) Convention Concerning the Protection of World Cultural and Natural Heritage (World Heritage Convention), Paris, 1972. 6) Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Washington, 1973. 7) Convention on the Conservation of Migratory Species of Wild Animals, Bonn, 1979. 8) Convention on the Law of the Sea, Montego Bay, 1982. 9) Vienna Convention for the Protection of the Ozone Layer, Vienna, 1985. 10) Montreal Protocol on Substances that Deplete the Ozone Layer, Montreal, 1987 and amendments thereto. 11) Agreement on the Network of Aquaculture Centres in Asia and the Pacific, Bangkok, 1988. 12) Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal, Basel, 1989. 13) Convention on Biological Diversity, Rio De Janeiro, 1992. 14) United Nations Framework Convention on Climate Change, Rio De Janeiro, 1992

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
Right of access to information	
<ul style="list-style-type: none"> The Right of Access to Information is a qualified right under the Constitution of the Kingdom of Bhutan⁷⁷, which provides people the right to information and freedom of media for information⁷⁸. Several PLRs must be upheld and applied to disseminate information on environment to the public, including the National Environment Protection Act (NEPA)⁷⁹, the Environment Assessment Act⁸⁰, and the Regulation for Environmental Clearance of Projects⁸¹. Relevant sectoral PLRs clearly define the types of information to be gathered and shared by public authorities as part of their mandated tasks⁸². The Bhutan Information, Communications and Media Act 2006 (BICMA) provides further guidance on the types of format which can convey 'information'⁸³. Bhutan's environmental PLRs contain provisions requiring the active dissemination of information by the relevant responsible institutions⁸⁴. However, no framework law exists demanding an active duty for all sectors to share information held by public agencies. The National Environment Protection Act (NEPA) gives the right to every citizen to be informed about the state of the environment⁸⁵ and requires the Commissions and its secretariat to regularly disclose environmental information to the public⁸⁶. The NEPA also encourages operators to 'inform the public voluntarily of the environmental impact of their activities and products'⁸⁷. Bhutan's legal framework also contains provisions guaranteeing passive access to information⁸⁸, particularly environmental information⁸⁹. 	<ul style="list-style-type: none"> Existing processes of revision of the Forest and Nature Conservation Act should be utilized to establish a clear procedure for requesting government held information. An access to information protocol or guidance document can be developed to ensure that a clear procedure exists to allow the public and all relevant stakeholders to request REDD+ related information. The future REDD+ FGRM should be mandated to hear appeals in the case of refusals to grant access to information.
Institutions to ensure access and distribution of information	
<ul style="list-style-type: none"> Access and distribution of information is regulated by the Bhutan Information, Communications and Media Act (BICMA) of 2006, which established the Ministry of Information and Communications to "facilitate the dissemination of Government information"⁹⁰. In the environment sector, the National 	<ul style="list-style-type: none"> Mechanisms need to be established to alleviate barriers to agencies to fully operationalize information management systems, in particular budget constraints and lack of human expertise.

⁷⁷ Article 7.3 of the Constitution: "A Bhutanese citizen shall have the right to information."

⁷⁸ Article 7.5 of the Constitution

⁷⁹ Section 15, 81 -85 of the NEPA

⁸⁰ Section 26 – 31 of the EA Act

⁸¹ RECP, Section 49

⁸² Section 81 NEPA; sections 28 and 29 EAA and section 25 RECP

⁸³ Section 203 of (BICMA) provides that: "Information includes information (whether in its original form or otherwise) that is in the form of a document, a signature, a seal, data, text, images, sound, or speech."

⁸⁴ NEPA Section 81 and 85; EAA section 28; RECP sections 25 40 and 49

⁸⁵ NEP Act, Section 15

⁸⁶ NEP Act, Section 18

⁸⁷ NEP Act, Section 18

⁸⁸ Passive access to information means access to information held by public institutions by citizens upon request. Article 7.3 of the Constitution)

⁸⁹ EAA sections 29 and 30

⁹⁰ BICMA Section 7(d)

<p>Environment Commission and its Secretariat are entrusted with the responsibility to disseminate environmental information⁹¹.</p> <ul style="list-style-type: none"> • The National Environmental Management System under Section 82 of the NEPA is currently being set up by the NEC as the implementing agency for dissemination PLRs. 	<ul style="list-style-type: none"> • Timeline and capacity building strategies are needed to build up the required expertise and mobilize funds to ensure the development, management and upkeep of key information databases and systems.
Accountability	
<ul style="list-style-type: none"> • Bhutan's PLRs require the preparation of independently audited reports showing how public funds are being used⁹². Accountability is regulated through the Royal Audit Authority, which is required to audit the accounts of all agencies/bodies administering public funds⁹³, including the forest sector. The Auditor General is mandated to submit an Annual Report to His Majesty the King, the Prime Minister, and the Parliament⁹⁴. The RAA has also developed Environmental Audit Guidelines (2011) pursuant to Article 5(1) of the Constitution. • Bhutan's PLRs define corruption, and provide clear measures to tackle corruption, including in the forest sector. PLRs have been established and mandated to investigate and prosecute corruption⁹⁵, including: <ul style="list-style-type: none"> • The Anti-Corruption Act of Bhutan 2011, which clearly defines corruption, lists individual corrupt acts⁹⁶ and provides clear penalties for acts of corruption⁹⁷. The Act also provides for whistle-blower protection⁹⁸. • The Anti-Corruption Commission⁹⁹, which is mandated to investigate any suspected incidences of corruption including corruption in the forest sector and can also prosecute cases in certain situations¹⁰⁰. • The Office of the Attorney General, which prosecutes all criminal cases including corruption cases¹⁰¹. • The Royal Bhutan Police, which plays the main enforcement role¹⁰². • Public servants in Bhutan are governed by codes of conduct which are usually outlined in Acts, Rules & Regulations, and service manual of their respective agencies¹⁰³. 	<ul style="list-style-type: none"> • Awareness-raising directed at the public to inform citizens of their rights under anti-corruption legislation. • Ensuring that the FGSM includes a link to the Anti-Corruption Commission to process complaints of corruption in the context of REDD+.

⁹¹ Section 82 & 84 of NEPA

⁹² The Royal Audit Authority (RAA) is required to audit the accounts of all agencies/bodies administering public funds (including the forest sector). The Auditor General is mandated to submit an Annual Report to His Majesty the King, the Prime Minister, and the Parliament. The RAA has also developed Environmental Audit Guidelines (2011) pursuant to Article 5(1) of the Constitution

⁹³ Audit Act of Bhutan 2006 Section 38

⁹⁴ Article 25.5 of the Constitution

⁹⁵ The Anti-Corruption Act of Bhutan 2011 clearly defines corruption and lists individual corrupt acts.

⁹⁶ Anti-Corruption Act 2011. Section 176(1) defines corruption and Chapter 4 lists individual corrupt acts

⁹⁷ All the penalties for corruption are listed sections 42-75 of the Anti-Corruption Act of Bhutan 2011.

⁹⁸ Anti-Corruption Act of Bhutan 2011 Chapter 7

⁹⁹ Article 27 of the Constitution

¹⁰⁰ Article 27 of the Constitution. Though its cases are prosecuted by OAG, the ACC can also prosecute the cases as and when the OAG rejects its cases (S. 128(3) of the Ant-Corruption Act 2011)

¹⁰¹ Article 29 of the Constitution

¹⁰² Investigation, arrest, detention Royal Bhutan Police Act 2009

¹⁰³ Public servants in Bhutan can be broadly classified into the following categories: civil servants, constitutional post holders, elected members, corporate employees (Corporations), and employees of organizations or associations funded by the Government or public.

Clear land tenure rights	
<ul style="list-style-type: none"> • Bhutan’s PLRs state that all forests in Bhutan are State Reserve Forests (SRF)¹⁰⁴. All forest land in Bhutan belongs to the state, though they can be leased by citizens and legal entities¹⁰⁵. Households and legal entities have the right to lease SRF for uses such as commercial agriculture, mining or other industrial activities subject to a management plan and environmental clearance as per the Environmental Assessment Act¹⁰⁶. Permits/licenses can also be obtained for the use of forest and grazing rights¹⁰⁷. • Land tenure rights are regulated through the MoAF, which is the authority empowered by law to lease government held forest land¹⁰⁸, as confirmed by the land act of 2007¹⁰⁹. • The MoAF also details specific rules on leasing SRFL¹¹⁰, which require lessees to adhere to the lease agreement¹¹¹ and the technical guidelines on management of SRF¹¹². • Different types of rights over forest land and forest resources are also recognized¹¹³, including Community Forests (CF)¹¹⁴. Groups of at least five households willing to establish, and manage a forest area as CF can form a Community Forest Management Group and develop a management plan for the area, to be approved by the DoFPS on the recommendation of the Chief Forestry Officer¹¹⁵. • Bhutan’s Constitution protects private property from acquisition by the State, except for “public purpose”¹¹⁶. Chapter 7 of the Land Act 2007 regulates the Acquisition of Registered Land by the Government, stating that the Government may acquire a 	<ul style="list-style-type: none"> • N/A

The codes of conduct are usually given in the laws, of their respective agencies, such as Acts, Rules & Regulations, and service manual. For example:

Civil servants’ code of conduct is provided in Sections 38 & 39 of the Civil Service Act of Bhutan 2009, and Section 3.2.1 - 3.2.28 of the Bhutan Civil Service Rules and Regulations 2012

Parliamentarians’ code of conduct (the members of National Assembly) is provided in Sections 42 -56 of the National Assembly Act 2008

Parliamentarians’ code of conduct (the members of National Council) is provided in Chapter 11 (Section 165 – 185) of the National Council Act 2008. where is dedicated only for Code of Conduct.

The code of conduct for the staff of Druk PNB Bank Ltd is provided in the Service Manual duly endorsed by the Department of Employment

According to Section 35 of the Anti-Corruption Act 2011, ACC is required to develop a model public service code of conduct. They had developed Model Guideline on Managing Conflicts of Interest in the Public Sector 2017.

¹⁰⁴ FNCA 1995 of Bhutan section 8

¹⁰⁵ Land Act 2007 Section 19, 235 and 255

¹⁰⁶ Sections 5 and 15(a) of the Forest and Nature Conservation Act 1995 and Rules and Regulations for Lease of State Reserve Forests and Government Land 2012 Annex C

¹⁰⁷ FNCA section 6 and section 30

¹⁰⁸ FNCA 1995 Section 15

¹⁰⁹ Land Act of Bhutan 2007

¹¹⁰ Land Act of Bhutan 2007 Section 184 and expanded on in the Rules and Regulations for Lease of State Reserve Forests and Government Land 2012

¹¹¹ Section 15 FNCA

¹¹² Rules and Regulations for Lease of State Reserve Forests and Government Land 2009 Annex C

¹¹³ FNCA 1995 Section 12 for instance states that: In addition to the collection of leaf mould, fodder and improvement of Sokshing as provided in the Sections Ka 3.5 and 8.5 of the Land Act, the Ministry may make rules to allow taking of forest produce without a permit

¹¹⁴ FNCA Chapter 4

¹¹⁵ The management plans need to contain maps of the boundary and various compartments, management objectives, descriptions of forest types and species, an assessment of the forest condition and an inventory of the forest areas. Rules and Regulations for Lease of State Reserve Forests and Government Land 2009

¹¹⁶ Constitution of Bhutan Article 7.14

<p>registered land for public interests¹¹⁷ for which either substitute land or cash must be provided as compensation¹¹⁸, which should be ‘fair’¹¹⁹ as determined by the Property Assessment and Valuation Agency¹²⁰. In the event the MoAF finds that a SRF land already on lease is detrimental to the national interests, the lease shall be terminated with the consent of the National Land Commission by providing appropriate compensation to the lease holder¹²¹. Land designated for Community Forestry can also be cancelled or revoked/acquired by the government for the purposes of national interests by providing appropriate compensation.</p>	
Equitable distribution of benefits	
<ul style="list-style-type: none"> • Bhutan’s National Forest Policy leases SRFs to communities on the principles of equity and benefit sharing¹²². According to the relevant PLRs, the lessee has the sole right to harvest benefits from the leased SRF, the taking of benefits from the forests is subject to same requirements as those from the SRF not on lease¹²³. • Bhutan’s PLRs regulate benefit sharing arrangements in the context of access to genetic resources¹²⁴. The Biodiversity Act of Bhutan 2003¹²⁵ requires applicants seeking to carry out research and commercial use of biodiversity (and genetic resources linked to it) to execute a Contract Agreement with the Competent Authority. Such contracts will be granted provided minimum conditions for benefit sharing with relevant stakeholders are met. • In the case of CFs, the bylaws developed for each CF usually require the equitable sharing of benefits among community members. 	<ul style="list-style-type: none"> • Adoption of an instrument that defines benefits and beneficiaries to ensure the equitable/fair distribution of the benefits associated with the implementation of the REDD+ activities, in particular to avoid elite capture of benefits within CFs. • Strengthen equitable benefit sharing mechanisms in CFs
Gender Equity	
<ul style="list-style-type: none"> • The Constitution includes a general prohibition against discrimination including on the grounds of gender¹²⁶, stating that all persons are equal before the law and are entitled to equal and effective protection of the law and shall not be discriminated against on the grounds of race, sex, language, religion, politics or other status¹²⁷. Further protections are provided specifically to women and children¹²⁸. 	<ul style="list-style-type: none"> • Adoption of specific provisions promoting gender equality within Forest law and broader Natural resource law, clearly outlining and establishing measures to enforce or achieve this right.

¹¹⁷ Section 142 Land Act

¹¹⁸ Section 143 Land Act

¹¹⁹ Section 144 Land Act

¹²⁰ Section 151 Land Act

¹²¹ Rules and Regulations for Lease of State Reserve Forests and Government Land 2012 Annex C Section 13

¹²² Clause 2.5.4 (ii) of the National Forest Policy 2011. According to the relevant PLRs, the lessee has the sole right to harvest benefits from the leased SRF, the taking of benefits from the forests is subject to same requirements as those from the SRF not on lease.

¹²³ Section 13(a) of the FNCA

¹²⁴ The Biodiversity Act of Bhutan 2003, requires applicants seeking to carry out research and commercial use of biodiversity (and genetic resources linked to it) to execute a Contract Agreement with the Competent Authority. Such contracts will be granted provided minimum conditions for benefit sharing with relevant stakeholders are met.

¹²⁵ Section 10

¹²⁶ Constitution Article 7(15)

¹²⁷ Article 7.15 of the Constitution

¹²⁸ Article 9(17): “The State shall endeavour to take appropriate measures to eliminate all forms of discrimination and exploitation against women including trafficking, prostitution, abuse, violence, harassment and intimidation at work in both public and private

<ul style="list-style-type: none"> • There is a National Commission for Women and Children¹²⁹, which has developed Gender Mainstreaming Guidelines¹³⁰. • The Bhutanese legal framework has adequate provisions to guard against all forms of discrimination, including discrimination on the grounds of gender. • NCWC is the institution mandated with the promotion and dissemination of information on gender equity¹³¹. 	<ul style="list-style-type: none"> • Adoption of an instrument for promoting gender equality associated with the implementation of the REDD+ activities. This process may be derived from the NRS, and such an instrument could take the form of a protocol or guidelines.
Adequate access to justice	
<ul style="list-style-type: none"> • The Constitution of Bhutan recognizes the right of access to justice, including the right of citizens to initiate legal proceedings for breach of fundamental rights¹³² and the right to a healthy environment¹³³. • The Constitution provides for tribunals and other alternative dispute resolution mechanisms. It is presumed that the adjudication of disputes by the courts is expeditious, fair, and costless. • Bhutan's PLRs also include provisions for establishing alternative dispute resolution mechanisms¹³⁴, and in cases of an environmental nature (including forestry related disputes¹³⁵ and environmental assessments¹³⁶), the NEC has the power to act as a civil court¹³⁷, or to set up an environmental tribunal, appeals from which go to the High Court¹³⁸. • Bhutanese citizen can file anonymous complaints to ACC against any corrupt practices¹³⁹. • The Constitution also provides that justice shall not be denied to any person by reasons of economic or other disabilities¹⁴⁰. • The Civil and Criminal Procedure Code provides for appeal system from Dungkhang court to Dzongkhag court to High Court to Supreme Court¹⁴¹. In the case of disputes relating to environmental screening processes and environmental clearance decisions, where parties fail to settle a dispute amicably, any party may appeal to the National Environment Commission, which shall have discretion to hear or refuse the case¹⁴². 	<ul style="list-style-type: none"> • When designing the Grievance Redress Mechanism (GRM) for REDD+, link to existing dispute resolution mechanisms to adjudicate disputes.

spheres." Section 20 of the Domestic Violence Prevention Act: "There shall be Women and Children Unit or Desk in every police station staffed with at least one female police personnel with expertise in domestic violence."

¹²⁹ The Domestic Violence Prevention Act 2013

¹³⁰ <http://www.ncwc.gov.bt/en/files/publication/Gender%20Mainstreaming%20guideline.pdf>

¹³¹ Section 7 of the Domestic Violence Prevention Act

¹³² Constitution Article 9(5) and (7)(2)

¹³³ Section 15 NEPA 2007

¹³⁴ Alternative Dispute Resolution Act of Bhutan 2013 these have not yet been established though a Chief Administrator for Bhutan Alternative Dispute Resolution Centre has been appointed in 2017 to implement the Act

¹³⁵ Section 48-51 NEPA

¹³⁶ EAA 2000 section 61

¹³⁷ Section 36 NEPA

¹³⁸ Section 48-51 NEPA

¹³⁹ Anti-Corruption Act of Bhutan 2011 Chapter 5

¹⁴⁰ Constitution Article 9(6)

¹⁴¹ Section 26 Civil and Criminal Procedure Code

¹⁴² EAA section 61, Regulations for Environmental Clearance of Projects 2016 (RECP) section 86

<ul style="list-style-type: none"> Several PLRs in Bhutan include provisions to improve access to justice for women¹⁴³ and children¹⁴⁴. 	
Integration of social, economic and environmental considerations	
<ul style="list-style-type: none"> Bhutan's PLRs require that all cross-cutting issues are integrated within any new policy¹⁴⁵. Proponents of new policies and laws are also required to ensure that proposed policies do not conflict with existing policies, laws, and regulations. The Protocol for Policy Formulation¹⁴⁶ issued in 2015 also requires any proposed policy to consider the possible impacts of it on other issues, including biodiversity. The Government is explicitly required to ensure that environmental concerns are fully considered when formulating, renewing, modifying and implementing any policy, plan or programme¹⁴⁷. Bhutan has detailed legislation requiring investment projects to obtain environmental clearance from the NEC Secretariat, which sets out environmental terms for the project¹⁴⁸ prior to obtaining approval¹⁴⁹. The procedures on carrying out EIAs and obtaining EC are detailed in the Regulation EAA 2000 and Environmental Clearance of Projects 2016, which also includes public consultation, monitoring and enforcement provisions. Though the monitoring of social, economic and environmental impacts of policy implementation is not strictly required by law, the Gross National Happiness Commission established the National Monitoring and Evaluation System (NMES) in 2006 to serve as a standard system of monitoring and evaluating developmental plans¹⁵⁰. The GNH Commission Secretariat has also recently developed a Development Evaluation Policy and Development Evaluation Protocol and Guidelines¹⁵¹. 	<ul style="list-style-type: none"> N/A
Cross-sectorial coordination	
<ul style="list-style-type: none"> Bhutan's PLRs include several provisions requiring inter-sectoral coordination for better policy implementation. This includes the requirement for representation of multiple sectors on certain decision-making bodies, such as the National Land Commission¹⁵² and the National Environment Commission.¹⁵³ Furthermore, The National Forest Policy of Bhutan 2011 requires the MoAF to develop coordination mechanisms between the 	<ul style="list-style-type: none"> Ensure the effective implementation of the harmonization through the implementation of land-use planning PAM.

¹⁴³ Domestic Violence Prevention Act 2013

¹⁴⁴ Child Care and Protection Act 2011, the Child Adoption Act of Bhutan 2012

¹⁴⁵ Protocol for Policy Formulation issued by the Cabinet in 2015

¹⁴⁶ Stage Two, 2(ii)

¹⁴⁷ Regulation on Strategic Environmental Assessment section 5 and 7

¹⁴⁸ Section 10 EAA

¹⁴⁹ Environment Assessment Act 2000 Sections 8, 9, 10

¹⁵⁰ GNHC Evaluation Policy (2014)

¹⁵¹ GNHC Evaluation Policy (2017) and Development Evaluation Policy and Development Evaluation Protocol and Guidelines 2017

¹⁵² Which must include the Secretary of the MOAF, the Secretary for Welfare, the Secretary of the Ministry of Works and Human Settlements and the Secretary of the Ministry of Finance. The Secretary, Ministry of Trade and Industry, the Secretary, Ministry of Home and Cultural Affairs, one representative from the agency responsible for international boundary, one representative from Thromde Tshogdu, one representative from the private sector, the surveyor General and one representative from NEC. Land Act 2007

¹⁵³ Section 21 NEPA provides that the NEC shall consist of: The Prime Minister (PM)/Minister of a relevant Ministry nominated by the PM shall be the Chairperson; Four – five members who shall be highest ranking officers representing relevant ministries to be nominated by the Chairperson; three representatives of civil society/eminent person; Head of the Secretariat as member secretary.

Department of Forest and other stakeholders for implementing crosscutting issues. ¹⁵⁴	
--	--

5.3 UNFCCC REDD+ Safeguard C

‘Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;’

Bhutan Clarification of UNFCCC REDD+ Safeguard C: “The rights of members of local communities, including - protection against discrimination, preservation of cultural heritage (including customs, culture, movable cultural property, sacred spaces), recognition of community dispute settlement and traditional knowledge - are promoted and regulated throughout the implementation of the National REDD+ strategy.”

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
<i>Defining indigenous peoples and local communities</i>	
<ul style="list-style-type: none"> Bhutanese laws do not recognize the concept of indigenous people in the same sense as it is used in other countries and under international law. The Bhutanese PLRs use the term of ‘local communities’ but do not clearly define it.¹⁵⁵ In Bhutan, when term “Local community” is used, it is understood to be the residents of that community in the locality/place, though they do not enjoy any specific rights distinct from those awarded to any Bhutanese citizen as would indigenous peoples in other countries. 	<ul style="list-style-type: none"> N/A
<i>Defining and protecting traditional knowledge</i>	
<ul style="list-style-type: none"> The Biodiversity Act of Bhutan (2003) defines traditional knowledge of local communities as “the knowledge, innovation and practices of local communities relating to the use, properties, values, and processes of any biological and genetic resources or any part thereof”¹⁵⁶ and includes criteria to help identify Traditional Knowledge on a practical case by case basis¹⁵⁷. The Act also requires that the prior informed consent of the traditional owners of the Traditional Knowledge must be obtained for use of Traditional Knowledge for a non-customary use¹⁵⁸. The National Biodiversity Centre is currently documenting all traditional knowledge in Bhutan. In practice, forest management plans of different regimes are discussed with local communities and customary practices are identified and included in management plans. 	<ul style="list-style-type: none"> N/A
<i>Non discrimination and self determination</i>	

¹⁵⁴ National Forest Policy of Bhutan 2011 Clause 2.6(i)

¹⁵⁵ In Bhutan, when term “Local community” is used, it is understood to be the residents of that community in the locality/place, though they do not enjoy any specific rights distinct from those awarded to any Bhutanese citizen.

¹⁵⁶ Section 51(q) of the Biodiversity Act

¹⁵⁷ Section 3(d) of the Biodiversity Act

¹⁵⁸ Section 38 of the Biodiversity Act

<ul style="list-style-type: none"> • The Constitution of Bhutan protects all Bhutanese against any form of discrimination¹⁵⁹. Additionally, Bhutan is a Party to the Convention on the Elimination of Racial Discrimination (CERD), making it part of national law, which means that this right is enforceable in court. • No ethnic group within Bhutan enjoys specific rights separate from those enjoyed by the rest of the population. Apart from criminal cases, some dispute settlements within the community may be facilitated by local leaders. • Although indigenous rights per se are not applicable in Bhutan, cultural heritage and tradition are promoted and protected by Bhutan’s PLRs. The Constitution provides for preservation, protection, and promotion of the cultural heritage of the country, requiring the State to conserve and encourage research on local arts, customs, knowledge and culture¹⁶⁰. Furthermore, Local Governments are mandated to preserve and promote culture and tradition¹⁶¹. Also, to protect the movable cultural property from risk of sale outside Bhutan, the Movable Cultural Property Act had been enacted in 2005. It requires all the cultural properties to be registered¹⁶². 	<ul style="list-style-type: none"> • N/A
--	---

5.4 UNFCCC REDD+ Safeguard D

‘The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision’

Bhutan Clarification of UNFCCC REDD+ Safeguard D: “The right to full and effective participation of relevant stakeholders is recognized and regulated – including the use of appropriate participatory mechanisms and due consideration of the inputs received, including any local opposition to a planned intervention - throughout the implementation of the National REDD+ strategy.”

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
Definition and regulation of full and effective participation	
<ul style="list-style-type: none"> • Bhutanese PLRs recognize and promote public participation, including in policy formation¹⁶³: <ul style="list-style-type: none"> - The Protocol for Policy Formulation (PPF) requires the proponent of a policy to consult the public, especially the stakeholders, and have their concerns sought¹⁶⁴. It also requires the draft policy to be made available for public comments on public domain¹⁶⁵. - The Local Government Act of Bhutan and NEPA provide that the citizens are entitled to participate in decisions making processes¹⁶⁶. 	<ul style="list-style-type: none"> • N/A

¹⁵⁹ Article 7 of the Constitution para 15

¹⁶⁰ Article 4 of the Constitution

¹⁶¹ Section 48(d) of the LGA

¹⁶² Section 3, 17, 23, and 36 of the MCPA

¹⁶³ Local Government Act of Bhutan 2009 section 88, 146 and Local Government Rules and Regulations 2012 Chapter 12: Zomdu

¹⁶⁴ Protocol for Policy Formulation 2015 Stage Two, Clause 2(iii) of the PPF

¹⁶⁵ Stage Two, Clause 4 of the PPF

¹⁶⁶ Local Government Act of Bhutan 2009 section 88, 146 and Local Government Rules and Regulations 2012 Chapter 12: Zomdu Section 86 of the NEPA

<ul style="list-style-type: none"> As part of the environmental assessment process, the EAA¹⁶⁷ and its Regulations on the Environmental Clearance of Projects (RECP)¹⁶⁸ require public consultation and disclosure of the project on a webpage before the Environmental Clearance is issued. The Local Government Rules and Regulations 2012 (LGRR) requires public consultation before local governments issue clearance under the Mines and Minerals Management Act 1995, NEPA, and EAA¹⁶⁹. 	
Identification of relevant stakeholders	
<ul style="list-style-type: none"> Bhutanese PLRs make provisions for the stakeholders' participation in decision making processes and it is implied that relevant institutions are responsible for identifying the stakeholders for participation. Laws provide for communities' participation in decision making processes¹⁷⁰. As is the requirement, a zomdu (community meeting) needs a quorum not less than two-thirds of the total gungs (households) in a constituency¹⁷¹. Stakeholder Engagements Guidelines for REDD+ have been developed and require mapping of relevant stakeholders prior to consultations. 	<ul style="list-style-type: none"> Apply the Stakeholder Engagement Guidelines for REDD+
Implementing participatory mechanisms	
<ul style="list-style-type: none"> Relevant PLRs define the process for carrying out public consultations: <ul style="list-style-type: none"> The Local Government Act provides for the requirement of community consultation and its procedure¹⁷². The Local Government Rules and Regulations¹⁷³ provides consultation details, particularly the time frame within which each step of the procedure is to be completed¹⁷⁴. The NEPA¹⁷⁵ and EAA¹⁷⁶ provide for the need of public consultation before making decision on environment, with the procedure detailed in RECP¹⁷⁷. The Regulation for Environmental Clearance of Projects requires comments generated during the consultation to be made available to public, and justification must be provided if the comments were not considered¹⁷⁸. In the context of Local Government, zomdu (meeting with people) must make every effort to take decisions by consensus, or by majority vote¹⁷⁹. The NEPA¹⁸⁰ provides that any individual whose right to a safe and healthy environment has been affected or is likely to be affected 	<ul style="list-style-type: none"> Ensure that the objectives of meetings are designed to align with the interests of local population (REDD+, incentives, alternative livelihoods/business opportunities) to improve ability and willingness of local populations to engage in decision-making Ensure community participation through incentives which are not solely based on monetary gains or cash based incentives

¹⁶⁷ Section 22 & 28 of the EAA

¹⁶⁸ Section 41 & 49 of the RECP

¹⁶⁹ Section 414-415 of the LGRR

¹⁷⁰ Section 32.5 of the EAA; Section 41 & 49 of the RECP; and Section 414-415 of LGRR

¹⁷¹ Section 172 of the LGRR 2012

¹⁷² Section 167-183 of LGA

¹⁷³ Section 414-415 of LGRR

¹⁷⁴ Section 420 of LGRR

¹⁷⁵ Section 86-87 of NEPA

¹⁷⁶ Section 22 of EAA

¹⁷⁷ Section 41-48 of RECP

¹⁷⁸ Section 49-51 of RECP

¹⁷⁹ Local Government Rules and Regulations 2012 Sections 152, 182, 183

¹⁸⁰ Section 16 NEPA 2007

shall have right to seek legal redress. Decisions taken by the Environmental Tribunal can also be appealed to the High Court ¹⁸¹ .	
Creating an enabling environment for full and effective participation	
<ul style="list-style-type: none"> Bhutanese PLRs contain provisions that require the consultation of local communities and stakeholders in relevant forest decision making processes. The LGA provides that “To enhance the participation of citizens at grass-root level, the member of the Dzongkhag Tshodu and Gewog Tshogde shall conduct <i>zomdus</i> to solicit views of voters of his/her constituency for discussion in the Dzongkhag or Gewog Tshogde, as the case may be.” The procedure for <i>Zomdu</i> is also provided in the LGRR.¹⁸² For forestry/environmental related issues, the requirement for consultation with the local communities/stakeholders and its procedure are provided in LGRR, EAA and RECP.¹⁸³ 	<ul style="list-style-type: none"> In practice, ensure where appropriate, that consultations for REDD+ take place in local dialects. Establishment of PLRs defining a culturally appropriate manner to distribute relevant information.
FPIC	
<ul style="list-style-type: none"> FPIC is applied in certain circumstances: for mining, quarries, road or any other development, clearance is required from local communities and for that respective agencies have to conduct rounds of consultations. 	<ul style="list-style-type: none"> N/A

5.5 UNFCCC REDD+ Safeguard E

‘That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits’

Bhutan Clarification of UNFCCC REDD+ Safeguard E: "REDD+ interventions do not result in the conversion of natural forests, promotes the conservation of natural forests and biodiversity, the enhancement of social and environmental benefits provided by forests, as well as alternative livelihoods."

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
Defining natural forest, biological diversity and ecosystem services	
<ul style="list-style-type: none"> Bhutan’s National Forest Policy (2011) includes a definition of both “biological diversity” and “ecosystems”. As Bhutan has ratified the Convention on Biological Diversity¹⁸⁴, CBD’s definitions of both terms also apply. 	<ul style="list-style-type: none"> If feasible, propose for definition of ‘natural forests’ to be included as part of the revision of the FNCA. If not feasible, include a definition in NRS.
Prohibition of the conversion of natural forests	
<ul style="list-style-type: none"> All forests and forest-related natural resources in Bhutan must be managed according to management plans, including those 	<ul style="list-style-type: none"> Requirement of report on the country’s forests coverage every five year in accordance with National Forest Inventory.

¹⁸¹ Section 52 NEPA 2007

¹⁸² Section 167-170 of LGRR

¹⁸³ Section 414-415 of LGRR; 22 of EAA; Section 41-48 of RECP

¹⁸⁴ in accordance with Article 10(25) of the Constitution and Section 29 of the Civil and Criminal Procedure Code of Bhutan CCPCB.

<p>under community management.¹⁸⁵ ¹⁸⁶ The EAA/ RECP also requires environmental clearance as a prerequisite for all development activities (including in the forest sector). Though these PLRs do not prohibit conversion, they regulate conversion of forest to other uses.</p>	<p>(Frequency of land use land cover mapping needs to be clarified, every 5 years. link to NFMS)</p> <ul style="list-style-type: none"> • Ensure the development of a robust M&E framework for REDD+ to ensure that no PAM implementation can lead to the conversion of natural forests,
Identifying natural forests and biodiversity	
<ul style="list-style-type: none"> • The NFP requires the mapping of biological diversity in Bhutan, as well as periodic National Forest Inventories¹⁸⁷ to be completed to enhance knowledge on the overall forest resources, ecosystem health across the country and to guide forest classification, functional mapping, strategy investment and decisions. • The Land Act of Bhutan¹⁸⁸ and FNCA¹⁸⁹ require demarcation/declaration of area in the country as protected agricultural areas, protected forest, etc. 	<ul style="list-style-type: none"> • N/A
Implementing measures to protect biodiversity and natural forests	
<ul style="list-style-type: none"> • Relevant PLRS exist for the protection of forest areas: <ul style="list-style-type: none"> - The Constitution of Bhutan and NEPA¹⁹⁰ detail a requirement of 60% forest coverage of the country's total land¹⁹¹, as well as power to declare any part of the country to be protected forest¹⁹². - The FNCA provides for forest management¹⁹³, with SRF being leased with the condition of having a management plan¹⁹⁴. - The EAA/RECP requires Environmental Clearance as a prerequisite to the issuance of development consent¹⁹⁵. - The Penal Code of Bhutan¹⁹⁶ and FNCA¹⁹⁷ lay down penalties for violation of forest laws. • PLRs also exist for the protection of biological diversity, including: • The Constitution requires that the Royal Government shall protect, conserve and improve the pristine environment and safeguard the biodiversity of the country¹⁹⁸. 	<ul style="list-style-type: none"> • Ensure the rigorous application of SEA prior to the implementation of any REDD+ PAM, coupled with strict M&E of implementation.

¹⁸⁵ NFP, 3.4.1 (i): "All forests are covered by forest management plans focused on the sustainable supply of forestry products or ecosystem services.

¹⁸⁶ Section 5(a) FNCA states that: "The head of the Department shall prepare plans for the management of the forests, wildlife and related natural resources of Bhutan. In the case of areas under private or Community management, plans as required by the rules under this Act shall be prepared by the person or entity responsible for management. All such management plans shall be issued subject to the approval of the Head of the Ministry."

¹⁸⁷ Clause 2.4.(iv)

¹⁸⁸ Section 6(g), 302-303 of the Land Act

¹⁸⁹ Section 21 of FNCA

¹⁹⁰ Section 68-69 of NEPA

¹⁹¹ Article 5.3 of the Constitution

¹⁹² Article 5.5 of the Constitution

¹⁹³ Section 4 of FNCA

¹⁹⁴ Section 15(a): Lease of SRF only in accordance with the applicable management plan

¹⁹⁵ Section 8 of EAA

¹⁹⁶ Section 490 – 491 of the Penal Code of Bhutan

¹⁹⁷ Section 10(b), 28, 36, and 43 of FNCA

¹⁹⁸ Article 5(2)(a) of the Constitution. Section 5.5: also provides that the Parliament may by law declare any part of the country as protected area

- The National Environmental Protection Act states that in order to achieve sustainable development, natural resources such as forest, water, air, biodiversity, soil, minerals and the overall integrity of the environment must not be degraded¹⁹⁹.
- The Biodiversity Act of Bhutan (2003) details strict penalties for the ex situ and in situ collection of genetic resources without a permit.
- PLRs also exist with respect to planning and development activities:
- The Precautionary principle applies in Bhutan²⁰⁰, and development activities must be planned and implemented in a way which will cause the least possible change in the environment; present the least environmental risk; Bhutan also applies the polluter pays principle²⁰¹ and the principle of inter-generational equity²⁰².
- All Forest resources are required to be managed according to management plans.
- Any agency that formulates a program, including Five-Year developmental plans which may have a significant effect on the environment, are required to perform a Strategic Environmental Assessment²⁰³.
- PLRs also exist with respect to regulating endangered species:
- The Biodiversity Act 2003 regulates use of endangered species.
- The FNCA identifies endangered species and lists them in schedules based on the level of threat faced, stating that highly endangered species may not be killed, injured, destroyed, captured, or otherwise taken except under exceptional circumstances, such as self-defence²⁰⁴.
- The FNCA regulates the trade (including export) of endangered species²⁰⁵.
 - PLRs also exist with respect to regulating invasive species:
- The import of plants to Bhutan requires a permit from the Government authority.
- The Seed Act of Bhutan regulates seeds related issues and prohibits unregulated trade of seeds²⁰⁶.
- Bhutan's PLRs define clear and detailed penalties for breaches of environmental law. FNCA includes penalties for taking of restricted wildlife and importing wildlife²⁰⁷ without a permit²⁰⁸. The FNCRR further details the penalties and offences²⁰⁹, including failure to implement forest management plans, offences in SRFs, protected

¹⁹⁹ NEPA Section 7

²⁰⁰ NEPA Sections 8, 9, 10

²⁰¹ NEPA sections 12, 13 and 14

²⁰² Section 67

²⁰³ Regulation on Strategic Environmental Assessment 2001 section 5

²⁰⁴ Section 22(a): Provides that all wild animals listed in Schedule I and wild plants listed in Schedule I are declared to be totally protected, whether or not in a SRF, and may not be killed, injured, destroyed, captured, collected or otherwise taken except (i) pursuant to a special permit ... or (ii) to defend against an attack. Section 22(b): Provides that all wild animals not listed in Schedule I are also protected and may not be killed, injured, destroyed, captured, or otherwise taken except (i) pursuant to a special permit... or (ii) to defend against an attack ... (iii) to defend against damage to crops ... (iv) by accident ... or (v) in accordance with any hunting rules

²⁰⁵ FNCA section 23 outlines the mandate of the MOAF to issue permits, section 25 prohibits the export of species without a permit.

²⁰⁶ Seed Act of Bhutan 2000 section 6

²⁰⁷ FNCA section 22 and 36

²⁰⁸ FNCA section 25 and 36

²⁰⁹ FNC rules 2006 section 68

<p>areas and community forests, trade and transit offences and offences relating to protected species²¹⁰.</p> <ul style="list-style-type: none"> • The NEC is mandated in consultation with relevant agencies through competent authorities to ensure the conservation and protection of wetlands, alpine regions, watersheds, and other vulnerable ecosystems in addition to the existing protected areas²¹¹. • The Commission is also mandated to constitute a high-level committee comprising of relevant stakeholder agencies to periodically review existing policies, programs and enforcement mechanisms, including afforestation and reforestation programmes²¹². 	
<i>Supporting conservation research and awareness raising</i>	
<ul style="list-style-type: none"> • PLRs in Bhutan promote conservation research and science-based biodiversity research: <ul style="list-style-type: none"> - The NEPA²¹³ recognizes and promotes the importance of scientific research. - The NEC is required to initiate scientific research and ensure that long-term biological monitoring and research frameworks are established in order to monitor and assess biological trends and processes to measure ecosystem integrity and species survival. - The Biodiversity Act of Bhutan²¹⁴ contains provisions on technology transfer and the building of scientific and technological capacity. - The NEPA requires the NEC to promote environmental education, advocacy and awareness.²¹⁵ 	<ul style="list-style-type: none"> • A certain percentage of revenue from the forest resources could be allotted (through legislation) only for implementation of the provisions of laws (forest, environment, biodiversity, etc)
<i>Enhancement of other non-carbon benefits</i>	
<ul style="list-style-type: none"> • The legal framework addresses the maintenance of the ecological, biological, climatic, socio-cultural and economic contributions of forest resources: • The National Forest Policy 2011 (NFP) has provisions on Non-wood Forest Products²¹⁶. • One of the functions of Local Governments is to conserve and enhance the environment under its jurisdiction²¹⁷. • The Land Act allows lease of SRF²¹⁸, the procedure for which is framed under the “Rules and Regulations for Lease of SRF and GL”. • The Biodiversity Act regulates access to genetic resources; and the Industrial Property Act gives and protect patent rights. • The NFP provides that, the MoAF should aim to enhance sustainable rural livelihoods through income generating opportunities, creation of on and off-farm employment opportunities and strengthen community skills related to such opportunities contributing to rural poverty reduction.²¹⁹ 	

²¹⁰ FNC rules 2006 82

²¹¹ NEPA section 71

²¹² NEPA Section 69

²¹³ NEPA 2007 Chapter V, section 74

²¹⁴ Biodiversity Act of Bhutan 2003, Section 2, 2(b) 2(d) 2(e)

²¹⁵ Section 81(a) NEPA

²¹⁶ Section 2.5.5.B (i-x) of NFP

²¹⁷ Section 48(i) of the Local Government Act

²¹⁸ Section 306 of the Land Act

²¹⁹ Clause 2.5.5.B (iv) of the NFP 2011

5.6 UNFCCC REDD+ Safeguard F & G

'Actions to address the risks of reversals and Actions to reduce displacement of emissions'

Bhutan Clarification of UNFCCC REDD+ Safeguards F&G: "Actions to address risks of reversals and displacement of emissions are taken throughout the implementation of the National REDD+ strategy"

Relevant PLRs to be used to ensure the implementation of REDD+ Safeguards	Additional Measures
Monitoring and assessment	
<ul style="list-style-type: none"> ● Bhutan's PLRs include extensive monitoring provisions for the forest sector and development projects in general: ● The FNCA requires the monitoring and enforcement of management plans for community forestry,²²⁰ based on monitoring and control guidelines developed by the DoFPS.²²¹ ● The NFP requires the establishment of strong monitoring and evaluation mechanisms²²² and requires periodic National Forest Inventories to be completed to enhance knowledge on the overall forest resources, biodiversity and ecosystem health across the country and to guide forest classification, functional mapping, strategy investment and decisions.²²³ 	<ul style="list-style-type: none"> ● Fully operationalize the NFMS and mobilize resources to ensure its long-term sustainability
Measures to tackle reversals and displacement	
<ul style="list-style-type: none"> ● Bhutan has established PLRs that deal with alternative livelihoods and detail measures to tackle reversals and displacement: <ul style="list-style-type: none"> - The National Forest Policy 2011 (NFP) has provisions on Non-wood Forest Products²²⁴. - One of the functions of Local Governments' is to conserve and enhance the environment under its jurisdiction²²⁵. - The Land Act allows lease of SRF, the procedure for which is framed under the "Rules and Regulations for Lease of SRF and GL" - The Biodiversity Act regulates access to genetic resources. - The Industrial Property Act gives and protect patent rights. ● In order to provide alternative livelihoods to local communities, the NFP provides that the MoAF should aim 	<ul style="list-style-type: none"> ● Ensure effective national scale NFMS to monitor any possible leakage.

²²⁰ FNCA sections 4 and 5

²²¹ FNC rules 2006 section 7.6 and 7.7

²²² Clause 2.5.1(xiv)

²²³ Clause 2.4.(iv)

²²⁴ Section 2.5.5.B (i-x) of NFP

²²⁵ Section 48(i) of the Local Government Act

<p>to enhance sustainable rural livelihoods through income generating opportunities, creation of on and off-farm employment opportunities and strengthen community skills related to such opportunities contributing to rural poverty reduction.²²⁶</p> <ul style="list-style-type: none">• Bhutan’s PLRs extensively cover forest fires. The FNCA requires every village head to organize “fire watchers” and teams to put out forest fires, with harsh sanctions for culprits and requirements to replant and maintain burnt areas under the supervision of the Department, as per the rules framed by the Ministry.²²⁷ Forest Fire Rules 2012 have also been developed.	
--	--

²²⁶ Clause 2.5.5.B (iv) of the NFP 2011

²²⁷ Section 31 FNCA

6. Procedures for Implementing the Environmental and Social Management Framework

6.1 Introduction

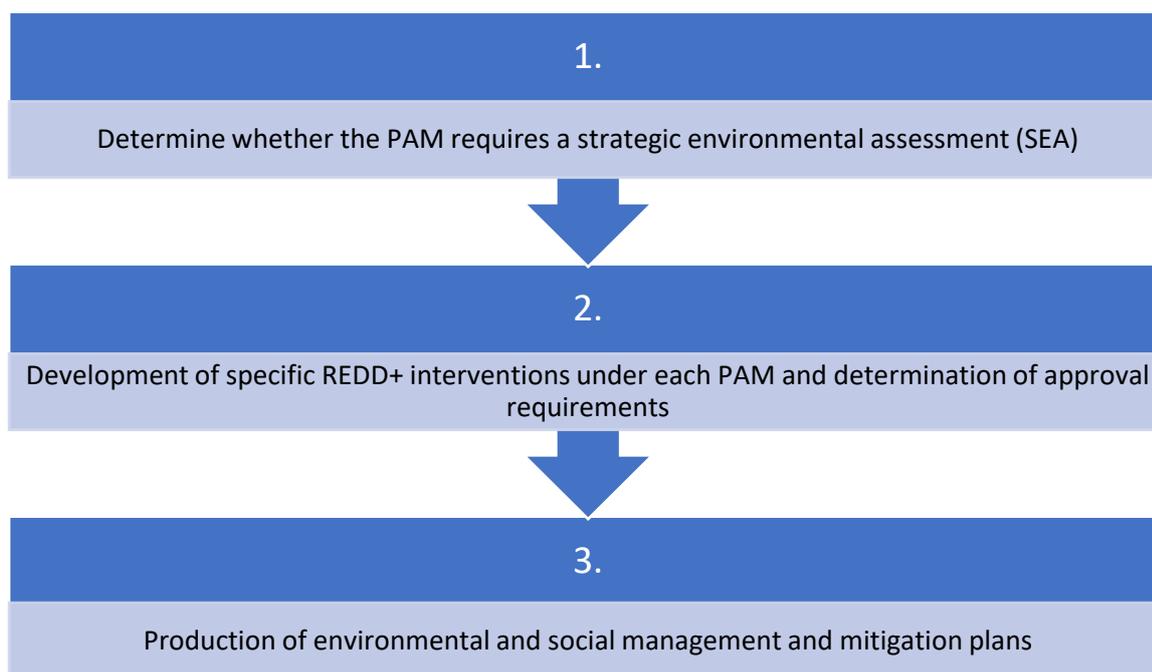
The procedure for implementing the Environmental and Social Management Framework outlines how the safeguard procedures identified for the ESMF will be put in place including the steps that should take place when the international safeguards and national requirements are triggered.

There are two important implementing frameworks which are:

- one focused on environmental and social assessment requirements, and
- the other focused on specific safeguard issues associated with biodiversity, natural habitats, and forests.

6.2 Framework for Environmental Assessment

In applying the Framework for Environmental Assessment, PAM Implementing Agencies should take account of the following three steps:



6.2.1 Step 1: Determine whether the PAM requires a strategic environmental assessment (SEA)

First, it should be noted that the majority of PAMs are still “high level” proposals for plans and programmes. They have not yet been translated into tangible, site-specific interventions.

As a consequence, their implementation will require environmental assessment and management approaches that are different from those that will be required when these PAMs are eventually operationalized.

Environmental assessment that focuses on high-level plans and programmes is known as “strategic environmental assessment” (SEA). When the focus is on site-specific interventions, the environmental assessment approach used is known as “environmental impact assessment” (EIA) (Step 2).

International strategic environmental assessment requirements:

The PAM Implementing Agency should first assess whether the PAM in question would trigger SEA, as specified by a donor. The requirement for proponents to environmentally assess policies, programmes, and plans (PPPs), in addition to development projects, has become prevalent in recent years.

For example, according to the World Bank’s OP 4.01 (Environmental Assessment): “depending on the project, a range of instruments can be used to satisfy the Bank’s environmental assessment requirement: environmental impact assessment (EIA), regional or sectoral EA, SESA, environmental audit, hazard or risk assessment, environmental management plan (EMP) and ESMF. EA applies to one or more of these instruments, or elements of them, as appropriate. When the project is likely to have sectoral or regional impacts, sectoral or regional EA is required²²⁸.”

It is important to note that other donors do not necessarily require that strategic environmental assessment. For example, the IFC’s Performance Standard 1 (“Assessment and Management of Environmental and Social Risks and Impacts”), which is also the interim GCF environmental and social assessment requirement, is only applied to projects that have a physical footprint, and so would only come in to play when REDD+ actions are specified in more detail.

Applicable Bhutanese regulations:

Existing Bhutanese regulation for assessment of policies, plans, and programmes is already comprehensive. There are two “layers” of regulation that determine how policies, plans, and programmes should be assessed. First, the Protocol for Policy Formulation²²⁹, which requires that proponents of policies should submit these to the Gross National Happiness Commission Secretariat (GNHCS). The Secretariat will review the policy and make recommendations as necessary. GNHCS will then apply its Policy Screening Tool. The Secretariat then submits the final draft policy to the Commission and requires the proponent to make a presentation. The Secretariat conveys the GNHC’s endorsement to Cabinet, and once approved, the proponent submits an action plan to the GNHCS focusing on implementation of the policy. Finally, the GNHCS monitors policy implementation, according to its Policy Monitoring Framework.

²²⁸ World Bank (2013) OP 4.01 Environmental Assessment. Operational Manual

²²⁹ Gross National Happiness Commission (undated), Protocol for Policy Formulation.

Although the GNHCS Protocol for Policy Formulation only relates to the screening of policies, it does not restrict the assessment of risks associated with the implementation of PAMs. This is because Bhutan has a very comprehensive strategic environmental assessment (SEA) regulatory system²³⁰. Article 2 of the regulation on SEA states that “this regulation shall serve as a broad guideline to be followed by all governmental agencies while formulating, renewing, modifying or implementing any policies, plans, programmes and Five-Year developmental plans, which may have significant impacts on the environment”. This clearly would apply to all of the proposed PAMs.

The Regulation on SEA (article 8) states that SEAs should be based on the following principles:

- early identification and integration of environmental concerns and goals in governmental planning and decision-making;
- consideration of all feasible alternatives to the agency's proposal, including the alternative of taking no action;
- openness and transparency in Government decision-making;
- documentation and assessment of results of the Strategic Environmental Assessment;
- open access to information generated or compiled by the agency; and
- accountability to the public and the Royal Government of Bhutan.

A combination of the GNHCS Protocol for Policy Formulation and the SEA Regulation should adequately cover the need to assess the strategic environmental implications of PAMs. As per National Environment Commission Secretariat (NECS) for assessment of policies, SEA would take place under the Regulation on SEA, prior to submission to GNHCS for application of the Protocol on Policy Formulation.

6.2.2 Step 2: Development of specific REDD+ interventions under each PAM and determination of approval requirements

Once a PAM has undergone SEA if required by the Regulation on SEA, and/or has been scrutinized by the GNHCS through its Protocol on Policy Formulation, the next step for REDD+ Implementing Agencies is to undertake feasibility studies that would result in the design of tangible, geographically-specific REDD+ interventions. During this design step, there is a need to determine the approval requirements for specific interventions or projects for direct PAMs.

The NRS as well as this ESMF (section 3 and 5) introduced the idea that PAMs 1 to 4 are enabling interventions, which aim to facilitate the implementation of direct PAMs 5 to 10. As such, the enabling PAMs will not directly result in concrete actions on the ground. This ESMF therefore, focuses on implementing the ESMF for PAMs 5 to 10.

Risks associated with the implementation of specific REDD+ interventions emanating from direct PAMs could trigger the application of either, or all, of the World Bank’s OP 4.01, the

²³⁰ National Environment Commission Secretariat (2002), Regulation on Strategic Environmental Assessment.

IFC/GCF Performance Standard 1, or Bhutan’s Environmental Assessment Act (2000)²³¹. Depending on the source of finance, Implementing Agencies could be required to address more than one approval process.

World Bank approval process:

The World Bank requires environmental assessment of all project proposals from countries seeking Bank finance, to help ensure that they are “environmentally sound and sustainable.”²³² The type of analysis will depend on the nature, scale, and potential environmental impact of the proposed project. Based on the identified potential environmental risks of a project, alternatives need to be considered, as well as better project selection, siting, planning, design, and implementation. The Bank does, however, favour preventive measures over mitigation or compensation, whenever feasible.

The Bank outlines the following operational principles for Environmental Assessment:²³³

- Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment (EA) so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts
- Assess potential impacts of the proposed project on physical, biological, socio-economic and physical cultural resources, including transboundary and global concerns, and potential impacts on human health and safety
- Provide for assessment of feasible investment, technical, and siting alternatives, including the "no action" alternative, potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and their institutional, training and monitoring requirements associated with them.
- Prevent and, where not possible to prevent, at least minimize, or compensate for adverse project impacts and enhance positive impacts through environmental management and planning that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates.
- Involve stakeholders, including project-affected groups and local non-governmental organizations, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address EA-related issues that affect them.
- Use independent expertise in the preparation of EA where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns

²³¹ Royal Government of Bhutan (2002). Environmental Assessment Act. This law should be read in conjunction with the Regulation for Environmental Clearance of Projects (2016).

²³² World Bank (2013) OP 4.01 Environmental Assessment. Operational Manual

²³³ World bank (2005) Table A1 Environmental and Social Safeguard Policies—Policy Objectives and Operational Principles

- Provide measures to link the environmental assessment process and findings with studies of economic, financial, institutional, social and technical analyses of a proposed project
- Disclose draft EA in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders

OP 4.01 also states that: “For projects involving the preparation and implementation of subprojects (...) the project coordinating entity or implementing institution carries out appropriate EA according to country requirements and the requirements of this policy.”²³⁴

According to OP 4.10, once specific REDD+ interventions are clear, they will need to be individually screened by the responsible Implementing Agency to determine the appropriate extent and type of subsequent environmental assessments to be applied. The choice of applicable assessment will be determined by regulation, and by the discretion of the regulatory agency (in this case the National Environment Commission). Level of assessment will also depend on the type, location, sensitivity, and scale of the proposed intervention, as well as the nature and magnitude of its potential impacts.²³⁵

The World Bank’s screening process as outlined in OP 4.01 requires that projects be categorized according to the level of significance of potential impacts. Category A projects are those where interventions are likely to have significant adverse environmental impacts that may be irreversible. For this level of significance, an Environmental Impact Assessment (EIA) must be produced, which must cover the intervention’s potential negative and positive impacts compared with feasible alternatives, and measures needed to prevent, minimize, mitigate or compensate for adverse impacts.

Category B projects are those in which proposed interventions may have adverse environmental impacts, but where these are thought to be less severe than for Category A projects, and where mitigatory measures will be appropriate. Category C projects include interventions that are likely to have minimal or no adverse environmental impacts.

Bhutan’s approval processes:

Environmental impact assessment

Bhutan’s Environmental Assessment Act (EAA) 2000 establishes a legal requirement for Initial Environmental Examination (IEE) and EIA, where a project is likely to cause an adverse environmental impact. Projects which are subject to environmental assessments need to go through the environmental clearance process in accordance with the Regulation for Environmental Clearance of Projects 2016 (RECP), framed under the EAA. Under this Regulation:

- The NECS/competent authority screens the project application, asks for additional information if required, visits the site, conducts EIA if required, and

²³⁴ World Bank (2013) OP 4.01 Environmental Assessment. Operational Manual

²³⁵ Ibid

publishes a summary of the project on the official webpage for 1 month for public comments²³⁶.

- Environmental clearance for non-listed and listed projects is issued by the NEC and the Competent Authority respectively²³⁷.
- The decision of NEC/Competent Authority is published on the official webpage within 1 month from the decision day²³⁸.
- The project applicant needs to undertake public consultation by providing a project prospectus to the local government²³⁹.
- The project is monitored by NECS/competent authority as per a monitoring plan to ensure compliance with requirements²⁴⁰.

The list of projects that require an IEE or EIA can be found in the regulation titled: ‘List of Activities that the Competent Authorities shall Screen and Issue Environmental Clearance and List of activities not requiring Environmental Clearance 2016’. It is clear from this regulation that most of the forestry projects that will emanate from PAMs will not require environmental clearance. Under the ‘list of activities not requiring environmental clearance’ are listed the following:

- community forestry harvesting and private forestry harvesting;
- afforestation and reforestation; and,
- management and collection of non-wood forest products.

It is, however, clear that Forest Management Unit management plans are subject to formal environmental clearance. To assist with this, the NECS has produced a detailed set of guidelines for environmental impact assessment of forestry activities²⁴¹. In addition, a template form for IEE for Forestry Projects is available on the NEC website.

Given the fact that most forestry-related projects are not to be environmentally assessed under the Regulation on Environmental Clearance 2016, it is likely that the World Bank environmental assessment procedures specified in OP 4.01 will need to be applied for assessment of risks associated with specific interventions that eventually emanate from the implementation of direct PAMs. If this turns out to be the case, then the REDD+ Secretariat would support Implementing Agencies to ensure that the correct World Bank procedures were followed.

6.2.3 Step 3: Production of environmental and social management and mitigation plans

If a specific REDD+ intervention or project emanating from a PAM does require formal environmental assessment under either an international donor’s safeguards system, or

²³⁶ Chapter III of RECP

²³⁷ Chapter IV of RECP.

²³⁸ Chapter IV of RECP

²³⁹ Chapter VI of RECP

²⁴⁰ Chapter VII of RECP

²⁴¹ NEC (2012), Environmental Assessment Guideline for Forest Sector Activities.

Bhutanese regulation, then the REDD+ Implementing Agency will also be required to develop an environmental and social management plan (ESMP). Detailed guidance on how to structure an ESMP is provided in Annex C to the World Bank's OP 4.01²⁴², and in Chapter 4 of the NEC's Environmental Assessment Guideline for Forestry Activities.

In brief, an ESMP should:

- cover activities to be undertaken during the entire life of a project (i.e. pre-construction, construction, operation phases) in order to enhance benefits and minimize adverse environmental impacts;
- describe the detailed actions needed to achieve these objectives, including how they will be achieved, by whom, by when, with what resources, with what monitoring/verification, and to what target or performance level. Mechanisms must also be provided to address changes in project implementation, emergencies or unexpected events, and the associated approval processes;
- clarify institutional structures, roles, communication and reporting processes required as part of the implementation of the ESMP;
- describe the link between the ESMP and associated regulatory requirements; and,
- describe requirements for record keeping, reporting, review, auditing and updating of the ESMP.

Common elements on an ESMP would generally consist of:

Box 2: Environmental and Social Management Plan (ESMP) structure

Introduction: This should provide brief but concise information on:

- *the ESMP context:* describe how the ESMP fits into the overall planning process of the project.
- *the objectives of the ESMP:* describe what the ESMP is trying to achieve. The objective should be project specific, not broad policy statements. The activity-specific ESMP should form part of the project contract specifications.

Project description. The project/activity objective and description should be provided in sufficient detail to define the nature and scope of the project. These should include:

- *project location:* description and mapping of the site location
- *construction/operation activities:* may include a brief description of construction and operation processes; employment numbers and type; the plant and equipment to be used; the location and site facilities and worker camps; bill of quantities for civil works.
- *timing and scheduling:* anticipated commencement and completion dates should be indicated. If the project is to be completed in stages, then separate dates for each stage should be provided.

Baseline data. Key information on the environmental baseline. Data should be presented on topography, major land uses, and water uses, soil types, and water quality/pollution. A brief description of socioeconomic conditions should also be provided.

²⁴² World Bank (1999), Operational Manual - OP 4.01, Annex C - Environmental Management Plan. <https://policies.worldbank.org/sites/ppf3/PPFDocuments/3903Operational%20Manual%20-%20OP%204.pdf>

Potential impacts and mitigation measures. This section should outline potential impacts and corresponding mitigation measures.

Monitoring. This section should encompass environmental compliance monitoring and environmental monitoring during project implementation.

ESMP Implementation arrangements. Institutional arrangements should cover the following:

- responsibility for ESMP implementation.;
- incorporation of ESMP into detailed technical design and bidding and contractor documents;
- environmental and social compliance framework; and,
- reporting procedures.

Consultation, Disclosure of the ESMP. This section should describe the consultation and disclosure activities to be carried out during project design and implementation.

When developing step 3, the REDD+ implementing agency will be guided by the REDD+ Secretariat. The role of the REDD+ Secretariat (and more specifically the Secretariat's safeguard specialist) will be to guide the Implementing Agency of the specific PAM intervention, to make sure it follows the guidance and procedures outlined in the ESMF. For example, when undertaking step 3, it will be useful for implementing agencies to refer back to the ESMF to base the identification of risks and mitigation measures on work done for the SESA (section 5 of the ESMF).

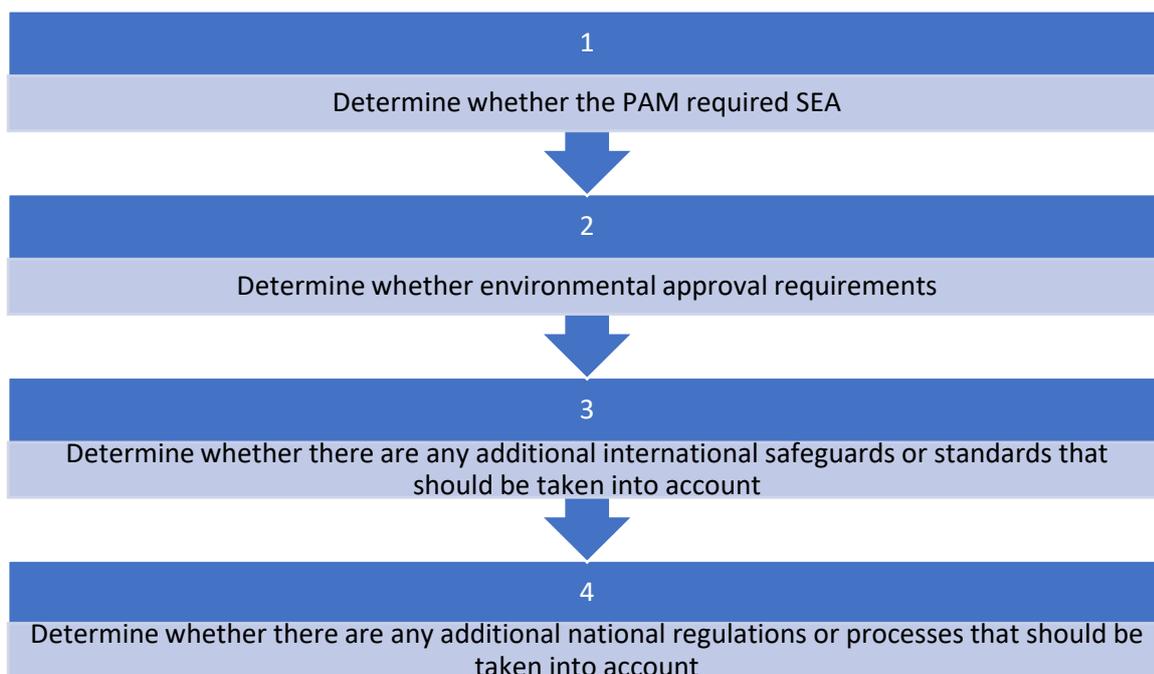
6.3 Framework for Natural Habitats, Biodiversity and Forests

The ESMF summarizes the potential environmental and social risks associated with the direct PAMs (section 5), as outlined in detail in the Strategic Environmental and Social Assessment.

The SESA has indicated that implementation of some PAMs may result in eventual risks for natural habitats, biodiversity and forests. It is conceivable that the following PAMs may be relevant:

- PAM5: (Achieve a highly diversified and technology-based timber supply chain)
- PAM7: (Establish plantations to provide sustainable wood products supply, increase carbon-stock, and enhance biodiversity)
- PAM8: (Promote the development of enterprises that sustainably manage non-wood forest products)
- PAM9: (Broaden opportunities for income generation from ecosystem services)
- PAM10: (Develop climate smart approaches in agriculture)

When implementation of a PAM may result in risks that might affect natural habitats, biodiversity, and forests, Implementing Agencies should take account of the following four steps:



6.3.1 Step 1: Determine whether the PAM requires a strategic environmental assessment

If implementation of a direct PAM would result in policy reform, or the development of plans or programmes, then the strategic environmental assessment procedures of relevant international donors and/or the Bhutan SEA Regulation may come into play. The Implementing Agency should then refer to Section 6.2.1.

6.3.2 Step 2: Development of specific projects under each PAM and determination of approval requirements

When geographically defined projects have been determined, the Implementing Agency, as the proponent, will need to determine whether international donor environmental assessment safeguards or the Bhutan environmental clearance process is triggered. At this point, the Implementer should refer back to Section 6.2.2.

6.3.3 Step 3: Determine whether there are any additional international safeguards or standards that should be taken into account

If projects emanating from PAMs are likely to affect natural habitats, biodiversity, or forests, then additional international safeguard procedures need to be taken into account. When starting with this process, Implementing Agencies should refer to the ESMF (section 5) to use the results of the SESA as a starting point and see what impacts and risks were identified generally for their PAM.

If some of these impacts (or others) to biodiversity and forests are a probability, then the World Bank's OP/BP 4.04 (Natural Habitats), OP/BP 4.36 (Forests) and the GCF/IFC

Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) have additional actions that need to be undertaken to obtain approvals from funding agencies.

The Operational Policy 4.04 (Natural Habitats) aims to “promote and support natural habitat conservation and improved land use by financing projects designed to integrate into national and regional development the conservation of natural habitats and the maintenance of ecological functions.”²⁴³ The Bank outlines the following operational principles for Natural Habitats:²⁴⁴

- Use a precautionary approach to natural resources management to ensure opportunities for environmentally sustainable development. Determine if project benefits substantially outweigh potential environmental costs.
- Avoid significant conversion or degradation of critical natural habitats, including those habitats that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.
- Where projects adversely affect non-critical natural habitats, proceed only if viable alternatives are not available, and if appropriate conservation and mitigation measures, including those required to maintain ecological services they provide, are in place. Include also mitigation measures that minimize habitat loss and establish and maintain an ecologically similar protected area.
- Wherever feasible, Bank-financed projects should be sited on lands already converted excluding any lands that in the Bank's opinion were converted in anticipation of the project.
- Consult key stakeholders, including local nongovernmental organizations and local communities, and involve such people in design, implementation, monitoring, and evaluation of projects, including mitigation planning.
- Provide for the use of appropriate expertise for the design and implementation of mitigation and monitoring plan.
- Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.
- If the environmental assessment indicates that a project would significantly convert or degrade natural habitats,²⁴⁵ the project includes mitigation measures acceptable to the Bank. Such mitigation measures include: minimizing habitat loss (e.g., strategic habitat retention and post-development restoration) and; establishing and maintaining an ecologically similar protected area.

²⁴³ World Bank (2013) OP 4.04 Natural Habitats

²⁴⁴ World bank (2005) Table A1 Environmental and Social Safeguard Policies—Policy Objectives and Operational Principles

²⁴⁵ The Bank defines natural habitats as: land and water areas where (i) the ecosystems' bio-logical communities are formed largely by native plant and animal species, and (ii) human activity has not essentially modified the area's primary ecological functions. All natural habitats have important biological, social, economic, and existence value. Important natural habitats may occur in tropical humid, dry, and cloud forests; temperate and boreal forests; mediterranean-type shrub lands; natural arid and semi-arid lands; mangrove swamps, coastal marshes, and other wetlands; estuaries; sea grass beds; coral reefs; freshwater lakes and rivers; alpine and sub alpine environments, including herb fields, grasslands, and paramos; and tropical and temperate grasslands.

- The WB accepts other forms of mitigation measures only when they are technically justified.

The principles listed above may need to be outlined in detail in any required ESMP.

The objective of OP 4.36 (Forests) is “to realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.”²⁴⁶

OP 4.36 is applicable to projects:²⁴⁷

- that have or may have impacts on the health and quality of forests;
- that affect the rights and welfare of people and their level of dependence upon or interaction with forests; and,
- that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned.

The World Bank outlines the operational principles for proposed interventions potentially affecting forests, and, in cases where forest restoration and plantation development are intended, these principles stress the importance of forest restoration activities that maintain or enhance biodiversity and ecosystem functionality, as well as “establishment and sustainable management of environmentally appropriate, socially beneficial, and economically viable forest plantations”²⁴⁸.

Finally, where interventions are designed to support community-based forest management and development, project design should take into account:²⁴⁹

- the extent to which the livelihoods of local communities depend on and use trees in the project and adjacent area;
- the institutional, policy, and conflict management issues involved in improving the participation of indigenous people and poor people in the management of the trees and forests included in the project area; and,
- forest product and forest service issues relevant to indigenous people and poor people living in or near forests in the project area, as well as opportunities for promoting the involvement of women.

As is the case for OP4.04, the principles listed above may need to be outlined in detail in any required ESMP.

6.3.4 Step 4: Determine whether there are any additional national regulations or processes that should be taken into account

²⁴⁶ World Bank (2013) OP 4.36 Forests

²⁴⁷ Ibid

²⁴⁸ Ibid

²⁴⁹ World Bank (2013) BP 4.36 Forests

Section 6.2.2 made it clear that, for forest-related initiatives, only Forest Management Unit management plans are subject to environmental impact assessment under Bhutan’s Environmental Assessment Act. However, this does not mean that there are no other national regulatory requirements that Implementing Agencies might face when they attempt to gain approval for projects emanating from PAMs. Some of the most important relevant Bhutanese policies, laws, and regulations (section 6) include:

(i) National Environment Protection Act (2007), which specifies rights to a clean environment, and the public’s right to environmental information.

(ii) The Biodiversity Act (2003), which regulates benefit sharing arrangements in the context of access to genetic resources²⁵⁰, and requires applicants seeking to carry out research and commercial use of biodiversity to execute a Contract Agreement with the Competent Authority²⁵¹. The Act also regulates access to and use of endangered species, and details strict penalties for extraction of biodiversity without a permit.

(iii) The Forest and Nature Conservation Act (1995), which regulates how permits/licenses can be obtained for the use of forest products and grazing rights²⁵². The MoAF, which oversees the FNCA, or it’s authorized representative has the authority to lease state reserve forest land (SRFL)²⁵³, as confirmed by the Land Act (2007)²⁵⁴. These laws also allow for the demarcation and declaration of land as protected agricultural areas, or protected forest.

In addition, all natural resources are required to be managed according to management plans in Bhutan. The most prominent are: Forest Management Unit management plans; community forestry management plans; non-wood forest product management plans; protected area management plans; local forest management plans and, watershed management plans. Any REDD+ interventions put forward as a consequence of PAM implementation would need to fit within one or more of these management plans. There would therefore be a requirement for PAM Implementing Agencies to liaise with the concerned focal points of these different management plans, to ensure that the interventions are included in the relevant plans.

Finally, it is important to note that these laws place additional requirements on Implementing Agencies that go beyond the obligations imposed by the environmental assessment safeguards. These additional requirements relate to permitting and licensing. **Each Implementing Agency will have its own existing permitting and licensing steps which will need to be followed prior to the specific REDD+ intervention implementation.** An example is provided below in Figure 3. It shows the steps that would be required to obtain a license to operate a new “forestry and wood innovation hub”, which is a proposed target action under PAM 5 (“Achieve a highly diversified and technology-based timber supply chain”).

²⁵⁰ The Biodiversity Act of Bhutan 2003, requires applicants seeking to carry out research and commercial use of biodiversity (and genetic resources linked to it) to execute a Contract Agreement with the Competent Authority. Such contracts will be granted provided minimum conditions for benefit sharing with relevant stakeholders are met.

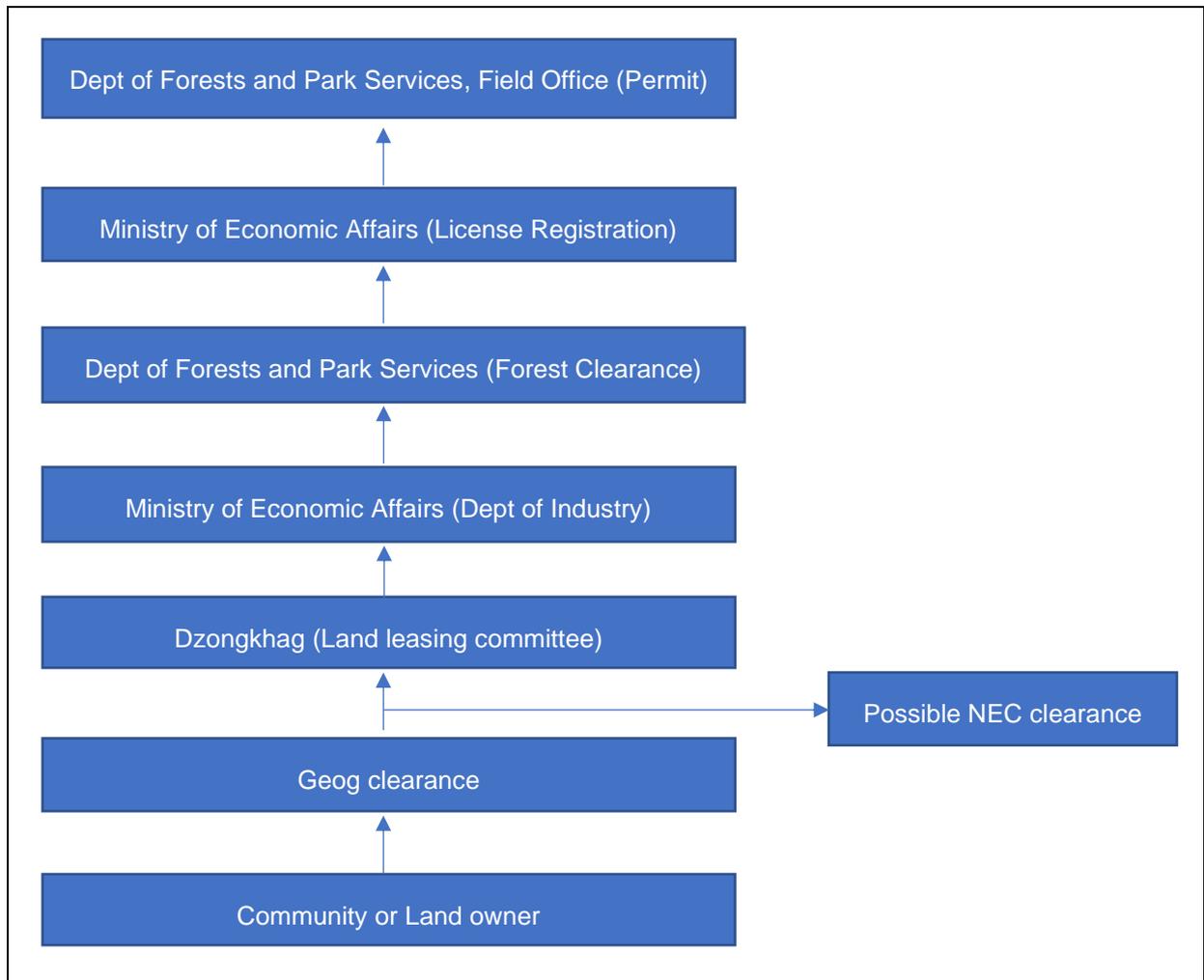
²⁵¹ Section 10

²⁵² FNCA section 6 and section 30

²⁵³ FNCA 1995 Section 15

²⁵⁴ Land Act of Bhutan 2007

Figure 3: Example of a Permitting Process for a Proposed target action under PAM 5: Forestry and Wood Innovation Hub



7. Institutional arrangements for the implementation of the ESMF

7.1 Key institutions for the NRS

The FCPF Common Approach does not explicitly identify institutional arrangements as a necessary component of an ESMF, nor does it provide any guidance. However, REDD+ in Bhutan outlines the institutional arrangement for the ESMF in relation to implementation of each PAM.

Accordingly “a lead agency is identified in line with its institutional responsibility and associated activities will be led by specified department in close collaboration with other relevant government departments or institution”.²⁵⁵ The NRS presents the implementing agencies that will be involved in the NRS implementation, some of which have already played important roles in the REDD+ Readiness process and will continue to build on the existing institutional roles to facilitate the implementation of the NRS (Table 5).

Table 3: Implementing Agencies for direct PAMs of the NRS in Bhutan

NRS direct PAM	Implementing agency
PAM 5: Achieve a highly diversified and technology-based timber supply chain	Department of Forests and Park Services Natural Resources Development Corporation Association of Wood Based Industries
PAM 6: Adopt fire management approaches that limit impacts on the environment and communities	Department of Forests and Park Services Local Governments
PAM 7: Establish plantations to provide sustainable wood products supply, increase carbon-stock, and enhance biodiversity	Department of Forests and Park Services Green Bhutan Corporation Limited Natural Resource Development Corporation
PAM 8: Promote the development of enterprises that sustainably manage non-wood forest products	Social Forestry and Extensions Division Forest Resource Management Division NWFP management groups
PAM 9: Broaden opportunities for income generation from ecosystem services	Watershed Management Division Communities (ES provider) and ES beneficiaries

²⁵⁵ NRS, 2019, p.49

PAM 10: Develop climate smart approaches in agriculture farming system	Department of Agriculture Department of Livestock

[Institutional diagram from the NRS to be inserted here by WMD]

7.2 Institutional arrangements for safeguard implementation

7.2.1 National Level

At the national level, the **Watershed Management Division (WMD)**²⁵⁶ of the Department of Parks and Forest Services (DoFPS) of the MoAF acts as the **REDD+ Secretariat** and will be responsible for safeguard screening all REDD+ related activities and be responsible for overseeing the adequate implementation of the ESMF and its safeguard policies.

It will be supported by a **REDD+ Technical Advisory Committee (TAC)**, which will support the REDD+ Secretariat when technical inputs are required. This committee may include participants from the former REDD+ Technical Working Group created for the readiness phase.

The REDD+ Secretariat, and more specifically, a **Safeguard Specialist** permanently housed within the Secretariat, will be responsible for providing guidance and inputs on the design and implementation of the REDD+ actions/projects to the each implementing agency identified in the NRS to ensure their consistency with the safeguard operational procedures (content and process) of the ESMF (section 7) on an on-going basis.

Once specific REDD+ actions or projects are defined, the REDD+ Secretariat will guide the Implementing Agency in the development of the specific safeguard measures in line with the ESMF. The Implementing Agency will then be responsible for ensuring full implementation and reporting of safeguard obligations, overseeing its own agency implementation at the sub-national level. Each Implementing Agency will be recommended to appoint an **agency**

²⁵⁶ The WMD is one of the six functional divisions of DoFPS and is responsible for coordinating the preparation of watershed plans and activities. The DoFPS is the main agency responsible for developing and implementing strategies and policies for conservation and sustainable management of Government Reserve Forests. **Department of Forest & Park Services** (Ministry of Forests and Agriculture (MOAF)

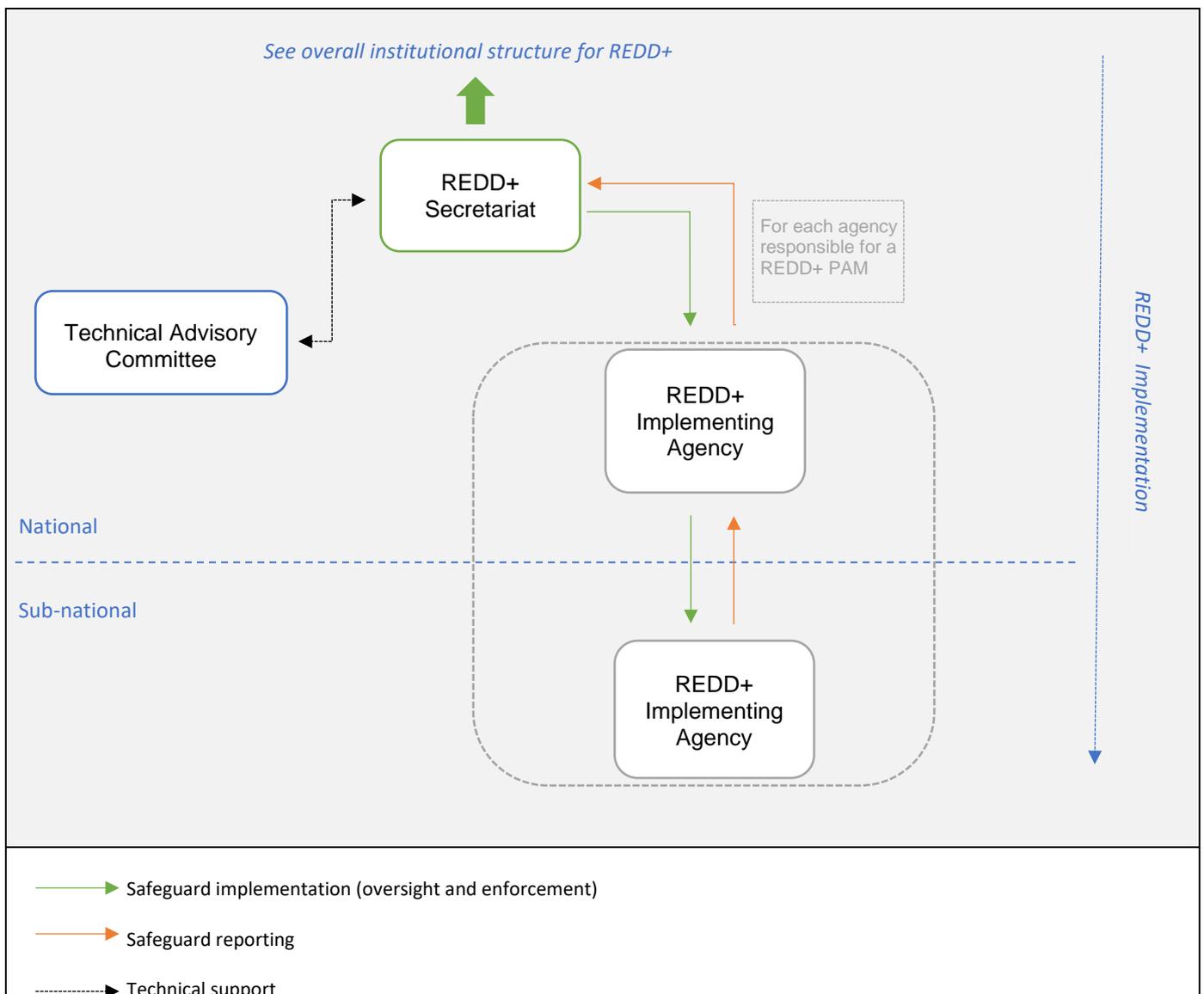
safeguards focal point (FP) to facilitate communications and links with the sub-national level and REDD+ secretariat.

7.2.2 Sub-national level

At the sub-national level, each Implementing Agency will be responsible for safeguard implementation and monitoring for interventions at Dzongkhag and Geogs levels. Implementers will be guided by their respective agency at the national level, and by the REDD+ Secretariat through its Safeguard Specialist.

Implementing Agencies will be recommended to have **local safeguard focal points** at the subnational level to facilitate communications and links with the national level.

Figure 4: Institutional arrangements for REDD+ safeguard implementation in Bhutan





Safeguards focal point

8 Grievance Redress Mechanism

The role of conflict resolution or grievance redress mechanisms is to settle disputes between actors when their rights (defined by the legal framework) have not been duly recognized or respected. Conflict resolution can come in the form of negotiation, mediation, arbitration, or through use of judicial or administrative systems.

Both the GCF and FCPF require a grievance or conflict resolution mechanisms be in place for REDD+ in order to access RBF. Considering that many REDD+ relevant stakeholders may not be capable of directly accessing existing judicial and administrative conflict resolution mechanisms, dedicated feedback, grievance and redress mechanisms (FGRMs) can serve to gather complaints, address minor disputes and redirect and support stakeholders in accessing the existing judicial and administrative mechanisms in place in the country.

Bhutan's FGRM measures for REDD+ are outlined in the FGRM document.

10. Monitoring and reporting of the ESMF Implementation

The monitoring and reporting of ESMF and safeguard implementation will be done by the Implementing Agencies and the REDD+ Secretariat, through the Safeguards Information System. There is a stand-alone document 'Framework of the Safeguard Information System (SIS) for REDD+ in Bhutan (2019)' which presents the objectives, functions and institutional arrangements of the SIS. This section of the ESMF will briefly outline the structure and functioning of the SIS to ensure the link with sections 7 and 8 of the ESMF.

Most REDD+ safeguard implementation information will be gathered by the REDD+ implementers themselves (through the use of a safeguard reporting template (annex I of SIS document) submitted to the REDD+ Secretariat. This information will be complemented by pre-identified existing information sources (SIS document) and collected by the REDD+ Secretariat.

The monitoring and reporting for the SIS can be divided into several functions:

1. Collection of information
2. Aggregation of information
3. Analysis of information
4. Dissemination of information

The first function refers to the process of **collecting information** on the ground and is linked to the monitoring and reporting responsibilities under the implementation of REDD+ PAMs. In accordance with this, collection of data is to be carried out by the REDD+ **Implementing Agencies**. They will collect data (using safeguards reporting template) in collaboration with

the various stakeholders including private sector companies, government bodies, communities, through their designated **Safeguard Focal Point** in charge of respective PAMs, as a component of their monitoring and reporting responsibilities under the implementation of REDD+ interventions. PAM Implementing Agencies will verify information supplied at the national level before forwarding to the REDD+ Secretariat.

In addition to the information collected directly by the Implementing Agency, the REDD+ Secretariat, through its **National Safeguard Specialist**, will gather additional and complementary information from pre-identified existing complementary sources. Finally, the REDD+ Secretariat will encourage relevant stakeholders (academia, consultancy firms, NGOs, international agencies, civil society, etc.) to submit complementary information on how the REDD+ interventions have been implemented in consistency with the UNFCCC REDD+ safeguards, and these have been addressed and respected.

The REDD+ Secretariat will aggregate the requested information at national level through the SIS structure, with the purpose of being able to report on the application of the safeguards at national level. The local level safeguard focal points within an Implementing Agency, will be responsible for sending the templates to national level focal points. Once verified, each Implementing Agency will submit the information to the REDD+ Secretariat. Within the REDD+ Secretariat, the National safeguards specialist will gather the information from Implementing Agencies and **pre-identified existing sources** and, with the assistance of the TAC aggregate it in an agreed format in preparation for the creation of the draft report.

Once the collection and aggregation are done, the following step is the **analysis on information** which aims to offer a qualitative and quantitative assessment of the information in order to determine to what extent the safeguards are being addressed and respected at national level. The National Safeguard Specialist will prepare a draft report on safeguard implementation with the help of the **TAC** which will review and approve the analysis. This process can be done through several meeting and workshops.

Once the TAC approves the analysis of information, the REDD+ Secretariat will issue a responsiveness summary that summarizes all comments and responses to each and will resubmit the report for approval to the Renewable Natural Resources Gross National Happiness Committee, Climate Change Coordinating Committee and the National Climate Change Committee and, for final validation and endorsement, and the NECS for submission.

Once the report is ready, the final step of information dissemination will start, disseminating the information produced by the SIS. At the domestic level, once approval has been given by the NECS endorsing the final report, it will be published as a final version on the DoPFS website (and potential SIS website in the future). Information and updates on the SIS website will be done frequently, and a national report will be published every year. This approval will also trigger the reporting to the UNFCCC for the preparation of summary of information.

11. Recommended next steps to operationalize ESMF

Operationalizing the ESMF will be linked to the implementation of the NRS and specific PAMs and REDD+ interventions. Accompanying the NRS is a fund mobilization strategy providing an overview of both domestic and international funding opportunities. It will involve the implementation of a REDD+ investment and implementation plan to fund PAMs.²⁵⁷

Once specific PAMs receive funding and move to the implementation phase, several key elements will need to be taken into considerations in order to operationalize the ESMF and ensure safeguards are properly addressed and respected.

- Update the ESMF with any additional requirements (depending on future PAM funding)

If funding for PAM implementation is not provided through the WB or the GCF, it is probable the PAM Implementing Agency will need to comply with additional requirements. While these might be similar to the current ESMF in terms of substance, some procedural aspects might vary. The REDD+ Secretariat will determine this and make the necessary updates. It is important to note the SESA results will remain relevant if the PAMs are the same and therefore the ESMF procedures will remain an important tool in terms of the national requirements and processes relating to environmental assessment, biodiversity and forests. Moreover, the ESMF section (6) on the applicable legal and institutional framework relating to the UNFCCC safeguards will provide valuable information on all matters covered by those safeguards.

- Training and capacity building

Once the PAMs are funded and specific interventions are defined, Implementing Agencies will need to be trained on the ESMF, as they will be responsible for addressing and respecting safeguards throughout implementation. Although the REDD+ Secretariat and TAC members will have knowledge and understanding of safeguards gained during REDD+ readiness phase, Implementing Agencies will need to build their capacity on safeguard requirements and procedures for implementation and reporting through the SIS. The REDD+ Secretariat will organize and facilitate:

- Trainings and capacity building for Implementing Agency at national level and sub-national level (safeguard focal points in particular) on ESMF substance and procedures
- Trainings and capacity building for Implementing Agency at national level and sub-national level (safeguard focal points in particular) on SIS functions and roles
- The reporting on the progress of PAM implementation by concerned agency should also ensure that the reporting of the safeguard implementation is pre-requisite for next fund release.

²⁵⁷ NRS, 2019, p. 41

Annexes

Annex A: Participatory Process implemented for SESA and ESMF development

As required by the FCPF, a SESA is designed to specifically be undertaken in a participatory manner. Building on the existing participation process and consultations implemented in relation to REDD+ in Bhutan since 2010²⁵⁸, the SESA and ESMF were conceived in Bhutan through a combination of desk-based assessments and stakeholder consultations.

The following participatory process and method was implemented in Bhutan to develop the SESA and ESMF:

Step 1 (July 2017)	Initial capacity building was held with TWG members and a larger group of stakeholders including Dzongkhag representatives and NGOs. The objective of these two meetings were to present the overall project as well as the objectives, methods and consultation process for the SESA.
Step 2	Once a draft NRS document was ready and available, international consultants worked on an initial identification of potential positive and negative social and environmental impacts of the proposed REDD+ PAMs. This was done to help inform and prepare for the regional consultations.
Step 3 (January 2018)	<p>WMD decided to hold 2 regional consultations for SESA. Initially more regional consultations had been planned, but due to the election period (March to June 2018) linked to the elections of the National Council and National Assembly, local level consultations could not be held by government actors. One regional workshop was held for the Eastern region in Phuentsholing, and one workshop for the Central and Western regions was held in Paro. The objective of these regional workshops was:</p> <ul style="list-style-type: none"> • To identify and prioritise potential social and environmental impacts (negative and positive) that may arise from the implementation of the proposed NRS options/PAMs²⁵⁹; • To identify potential mitigation measures to address the negative impacts which were identified <p>Stakeholders were divided into groups and results were compiled by workshop facilitators through a reporting template. For more detail on the workshop agenda, group work methodology and participants please see SESA document</p>
Step 4	Once all the consultations were held, the international consultants compiled the reporting templates of each workshop. These completed reporting templates were reviewed and assessed and integrated into the SESA document draft document Based on existing documentation and studies (R-PP, Drivers of deforestation and degradation Study, Corruption

²⁵⁸ R-PP p42

²⁵⁹ It is important to note that during the workshop in Phuntsholing, only a draft of the REDD+ Strategy was available, therefore the REDD+ Options and PAMs were not exactly the same as in the Paro workshop (by when they had been more clearly defined).

	Study, NRS, additional FCPF documentation, etc) the international consultants prepared key context sections of the SESA document.
Step 5 (June 2018)	The draft SESA document was presented to WMD and the TWG for feedback and inputs. A workshop was organised in June 2018 in Thimphu to review and finalise the results. This workshop was also used as an opportunity to gather initial inputs for the ESMF
Step 7 (July 2018)	Final SESA document was prepared by the consultant team, taking into account the stakeholder inputs made during the June workshop. It was submitted in July 2018.
Step 8:	The consultant team started working on the ESMF document, based on the SESA results. A gap was created in the calendar at this point in order to allow time for the final version of the NRS to be available.
Step 9: (February 2019)	The draft ESMF was presented to the TWG during a 2 day workshop in Phuentsholing. Key sections on the ESMF were broken down into group work to help consultants gather specific inputs to help finalise the document
Step 10	The consultant team worked on the more advanced versions of the ESMF, gathering feedback from WMD on several draft versions.
Step 11 (May 2019)	A writeshop was organized with the TWG to allow participants to review the final document before final approval