

TAP Review of the Readiness Package submitted by Bhutan

Independent TAP Expert Review on the Self-assessment Process of Bhutan's R-Package

October 2022

Contents

1. Objectives.....	4
2. Methodological approach	4
3. TAP Review.....	5
a. Review of Self-assessment process and documentation.....	5
b. Review of Progress on REDD+ Readiness.....	7
Component 1: Readiness, Organization and Consultation	7
Sub-Component 1a: National REDD+ Management Arrangements (Criteria 1-6).....	7
Accountability and Transparency (Criterion 1: GREEN); Operating Mandate and Budget (Criterion 2, GREEN); Multi-sector coordination mechanisms and cross-sector collaboration (Criterion 3: GREEN) Technical supervision capacity and Fund management capacity (Criterion 4-5: GREEN).....	7
Feedback and grievance redress mechanism (criterion 6: GREEN).....	9
Sub-component 1b: Consultation, participation and outreach (Criteria 7-10)	10
Participation and engagement of key stakeholders, Consultation process (criteria 7-8: GREEN).....	10
Information sharing and accessibility of information; Implementation and public disclosure of consultation outcomes (Criteria 9: GREEN and 10: YELLOW)	11
Component 2: REDD+ Strategy Preparation	12
Sub-component 2a: Assessment of Land Use, Land-use change drivers, Forest Law, Policy and Governance (criteria 11-15).....	12
Assessment and analysis, Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement, Links between drivers/barriers and REDD+ activities, (criteria 11-13: GREEN)	12
Action plans to address natural resource rights, land tenure, governance (criterion 14: YELLOW)	13
Implications for forest law and policy (criterion 15: YELLOW)	14
Sub-component 2b. REDD+ Strategy Options (criteria 16-18).....	14
Selection and prioritization of REDD+ strategy options, Feasibility assessment (criteria 16-17: GREEN)	14
Implications of strategy options on existing sectoral policies criterion 18: YELLOW	15
Sub-component 2c. Implementation framework (criteria 19-22)	16
Adoption and implementation of legislation/regulations, Guidelines for implementation, Benefit sharing mechanism (criteria 19-20: GREEN and 21: YELLOW)	16
National REDD+ registry and system monitoring REDD+ activities (criterion 22: YELLOW).....	17
Analysis of social and environmental safeguards issues, REDD+ strategy design with respect to impacts, Environmental and Social Management Framework (criteria 23 and 25: GREEN , criterion 24: YELLOW).....	18
Component 3: Reference Emissions Level/Reference Level (criteria 26-28).....	19

Demonstration of methodology; Use of historical data, adjusted for national circumstances; Technical feasibility of the methodological approach and consistency with UNFCCC/IPCC guidance and guidelines (criteria 26-28: GREEN)	19
Component 4. Monitoring systems for Forests, and Safeguards	20
Sub-component 4a: National Forest Monitoring System (criteria 29-31)	20
Documentation of monitoring approach, Demonstration of early system implementation, (criteria 29-30: GREEN)	20
Institutional arrangements and capacities (criterion 31: GREEN)	21
Sub-component 4b: Information systems for multiple benefits, other impacts, governance and safeguards (criteria 32-34).....	22
Identification of relevant non-carbon aspects and social and environmental aspects (criterion 32: GREEN)	22
Monitoring, reporting and information sharing, Institutional arrangements and capacities (criteria 33: GREEN and-34: YELLOW)	23
4. Summary assessment and recommendations	24
a. Overall REDD+ Readiness progress	24
b. Self-assessment process	24
c. Overall assessment and recommendations	25
5. Background documents	26

1. Objectives

This report has two objectives:

- To provide an independent technical review of the REDD+ Readiness Package (R-Package) elaborated by Bhutan and of the Self-Assessment Process that Bhutan conducted to develop its R-package
- To inform the FCPF Participants' Committee decision regarding endorsement of the R-Package

2. Methodological approach

This chapter presents the scope of the work performed for the TAP review, as per the Terms of Reference provided by the World Bank:

- Desk review of Bhutan's R-Package report, based on the guidelines provided in the R-Package Assessment Framework, and of the key documents underpinning the R-Package report (National REDD strategy, Strategic Environmental and Social Assessment, Environmental and Social Management Framework, Forest reference levels and Monitoring, Reporting and Verification System, among others)
- Desk review of Bhutan's documentation regarding the self-assessment process, including stakeholder involvement
- Provision of targeted feedback and recommendations for moving forward with REDD+ Readiness

The TAP assessment reviewed the R-Package, which includes the following elements, in October 2022:

- i. A summary of the REDD+ readiness preparation process
- ii. A report of the national multi-stakeholder self-assessment process
- iii. The results of the national multi-stakeholder assessment; and
- iv. References to the key supporting documents for each of the nine REDD+ Readiness sub-components

The TAP assessment is presented in three parts:

- Review of Bhutan's self-assessment process and documentation, as contained in Bhutan's R-Package (Chapter 3.a)
- Review of Bhutan's progress on REDD+ readiness, based on the R-Package submitted as well as the supporting documentation referenced in the R-Package, for each of the REDD+ Readiness sub-components (Chapter 3.b)
- Summary Assessment and Recommendations (Chapter 4)

3. TAP Review

Bhutan submitted the REDD+ Readiness Package (R-Package) report, which was prepared according to FCPF's 2013 Readiness Assessment Framework, to the FCPF in August 2022. The main body of the R-Package report provides a summary of the REDD+ Readiness process, and of the country's progress with reference to the four REDD+ Readiness components.

a. Review of Self-assessment process and documentation

Background

This section reviews the process that Bhutan followed to conduct its multi-stakeholder self-assessment. The TAP review is based on the description of the self-assessment process contained in the R-Package report, and on supporting documents referenced there. The review takes into account the documentation prepared for the assessment, the process for selecting and involving stakeholders, and for reflecting their opinions in the R-Package report.

Prior to reporting the results of the TAP review, it is important to recognize that Bhutan has engaged in numerous multi-stakeholder consultations on different REDD+ components and sub-components since 2015, and that it is impossible to do full justice to this extended process in the frame of the R-Package report. Since the start of the readiness process a total of 12,528 people, 35% of whom are women, have been reached by awareness-raising, training and consultation activities.¹

Process and methodology

The multistakeholder Self-assessment process followed the recommendations of the Guide to the FCPF Readiness Assessment Framework, concerning the selection of participants, preparation of the event, facilitation of the assessment process, synthesis and dissemination of results, and validation.

The scope of the stakeholder consultation process was curtailed by COVID-19 related restrictions. Stakeholder consultation workshops were held in two locations across the country: in Thimphu District on May 30-31, 2022 and in Bumthang District on June 2-3, 2022. The total of 104 participants included District Agriculture Officers, Livestock officers, Chief Forestry officers and staffs from Territorial Forest Divisions, National parks and Wildlife Sanctuaries. Participants from all 20 districts attended the workshops and participated in the assessment rating process. Besides, the two most prominent CSOs/NGOs that work on natural resources, Tarayana Foundation and the Royal Society for Protection of Nature, also participated in the workshops.

During the two workshops, the participants (i) identified and analyzed strengths and weaknesses for each of the 34 criteria of FCPF's REDD+ Readiness Assessment Framework; (ii) proposed activities to consolidate the strengths and remedy the weaknesses identified, as well as next steps; and (iii) analyzed progress made with REDD+ Readiness since the mid-term review in 2018, using the color scores (red, orange, yellow, green) provided in FCPF's Readiness Assessment Framework.

¹ See Bhutan's R-package report, page 39

Participants were asked to express their perception on progress to date, and to validate the rating of each subcomponent and criterion according to the traffic light indicators (red, orange, yellow, green) provided in the FCPF Readiness Assessment Framework.

From the R-Package report, it appears that certain categories of stakeholders were not represented in the two workshops, specifically: (i) private sector; (ii) women's organizations; and (iii) smallholder producer organizations.

After the workshops were completed, the R-Package document was presented to the Technical Advisory Committee, to validate the self-assessment.

Results

Bhutan has made impressive progress since the mid-term review in 2018. Out of the 34 criteria of the FCPF's Readiness Assessment Framework, 26 now have a very satisfactory level of progress (**GREEN**), against 9 criteria in 2018; and 8 have a satisfactory level of progress (**YELLOW**) compared to 11 in 2018.² Zero criteria have a level of progress requiring improvement (**ORANGE**) against 9 in 2018. Finally, zero criteria are scored as demonstrating no progress (**RED**) against 5 in 2018.

Overall, the self-assessment showed that 100% of the indicators were found to have achieved significant progress (**GREEN**) or have progressed well but require further development (**YELLOW**), against 59% in 2018. In addition, progress has been homogenous across the REDD+ Readiness components, with all components showing significant progress.

- **TAP assessment.** *The participatory Self-assessment process in Bhutan followed the FCPF Readiness Assessment Framework Guidelines. The R-Package Report includes information on the Self-assessment process as well as its results. The scope of the Self-Assessment process was curtailed by the COVID-19 pandemic. Two stakeholder consultation workshops were held, mobilizing a total of 104 people. Most of the participants came from Government agencies and the private sector was not represented.*

² The actual color scores provided in the Bhutan Readiness Package report are 24 green, 6 yellow and 4 half green/half yellow. The latter 4 have been distributed equally over the green and yellow scores (2 each) in order to reflect actual progress made and maintain comparability across countries.

b. Review of Progress on REDD+ Readiness

This section assesses the progress on REDD+ Readiness for each of the four Readiness components: (i) Readiness arrangements and organization; (ii) National REDD+ Strategy Preparation; (iii) Reference Emissions Level; and (iv) Monitoring systems and Safeguards, and the nine sub-components. The assessment is based on the criteria that Bhutan used for its self-assessment, which follow the FCPF Readiness Assessment Framework guidelines. The TAP assessment discusses both the strengths and weaknesses of each Readiness component and sub-component.

The current TAP review is based on the REDD+ Readiness Package (R-Package) document prepared for FCPF by Bhutan and on the supporting documents referenced in the R-Package, which are available from Bhutan's REDD+ website https://redd.dofps.gov.bt/?page_id=19 or Forestry Department website <https://www.dofps.gov.bt/documents/>.

It is important to note that the national political and institutional context for Bhutan's REDD+ Readiness process has remained remarkably stable over time. Bhutan first started work on REDD+ in 2010. The country has been formally engaged in REDD+ Readiness since 2014, after approval of its funding by the FCPF Readiness Fund in 2013. Bhutan received funding from different sources to support implementation of REDD+ readiness activities under the four (4) components. The main sources of funding included FCPF, the Royal Government of Bhutan (RGoB), the REDD+ Himalayas project supported by International Centre for Integrated Mountain Development (ICIMOD), German Agency for International Cooperation (GIZ), United Nations REDD programme (UNREDD) Technical Support project and Green Climate Fund (GCF) REDD+ Readiness and Watershed Management in Bhutan. From 2015 to the present, Bhutan has implemented two FCPF grants with a total budget of USD 8.6 million, enabling the country to make significant progress with REDD+ Readiness, as witnessed by the current R-Package report.

Component 1: Readiness, Organization and Consultation

Sub-Component 1a: National REDD+ Management Arrangements (Criteria 1-6)

This part of the Readiness Assessment Framework focuses on national REDD+ management arrangements and their effectiveness in fulfilling core functions.

Accountability and Transparency (Criterion 1: **GREEN**); Operating Mandate and Budget (Criterion 2, **GREEN**); Multi-sector coordination mechanisms and cross-sector collaboration (Criterion 3: **GREEN**) Technical supervision capacity and Fund management capacity (Criterion 4-5: **GREEN**)

The REDD+ Task Force is the official national forum for discussion and coordination of REDD+ related matters. It is made up of representatives from key stakeholders such as the Ministry of Agriculture and Forest – the focal point for REDD+ in the Government of Bhutan – the Ministry of Finance, the National Environment Commission Secretariat, the Gross National Happiness Commission

Secretariat – which ensures coherence with overall government policy – the Bhutan Trust Fund for Environment Conservation and a civil society organization, the Tarayana Foundation. The Task Force provides policy support and guides implementation of the REDD+ Preparation Plan, and oversees the work of the REDD+ Technical Working Groups (TWG, see below). It is chaired by the Director, DoFPS, Ministry of Agriculture and Forests.

There are three REDD+ Technical Working Groups (TWG): (i) National Forest Monitoring System and Reference Emission Level; (ii) Safeguards, Governance and Benefit Distribution; and (iii) REDD+ Strategy Options. All TWG have a diverse, cross-sectoral membership including government institutions and NGOs³ and have clear TOR that are focussed on operational level and on the provision of technical inputs for REDD+ Readiness as well as design and implementation of results-based emission reduction programs.

The REDD+ Secretariat, which falls under the Watershed Management Division (WMD), Department of Forest and Parks Services (DoFPS), Ministry of Agriculture and Forests, houses the Project Coordination Unit for the FCPF funds, with the Chief of WMD acting as the Project Director. The Secretariat thus ensures overall coordination of REDD+ Readiness activities in Bhutan. The REDD+ Secretariat also coordinates capacity building, stakeholder engagement and information dissemination and supports the Chairperson of the REDD+ Taskforce during international negotiations.

The REDD+ Taskforce and REDD+ TWG provide the platform for reviewing key elements of REDD+ Readiness such as the National REDD+ Strategy and Action Plan, the Safeguard Framework components and the National Forest Reference Emission Level, enabling the REDD+ Secretariat to obtain stakeholder feedback on draft REDD+ documents and incorporate comments received.

The Department of Forests and Parks (DoFPS) under the Ministry of Agriculture and Forests has the mandate to ensure sustainable management of forest and implements five major programs in the 12th FYP. REDD+ falls under the program “Sustainable management and utilisation of forest resources and land enhanced”.

In Bhutan, REDD+ is firmly embedded in national government priorities, as expressed in Five Year Plans (FYP) and National Key Result Areas (NKRA). REDD+ is directly relevant to three of the seventeen NKRA: NKRA 5, Healthy ecosystem services maintained, NKRA 6 Carbon-neutral, Climate Disaster Resilient Development Enhanced and NKRA 8, Water food and Nutrition security ensured. As noted above, all REDD+ TWGs have a cross-sectoral membership, enabling better coordination among the different government ministries involved.

WMD leads on REDD+ Strategy and Safeguards, whereas the Forest Resource Management Division (FRMD), which also falls under DoFPS, leads on FREL, National Forest Monitoring System (NFMS) and Monitoring, Reporting and Verification (MRV). FRMD also coordinates the national forest inventory (NFI) and houses the forest information and management system of the Department. Technical supervision capacity has been considerably strengthened through activities funded by the FCPF grant.

In Bhutan, all government activity budgets are tagged to differentiate between Royal Government of Bhutan (henceforth RGoB) and tracked through an on-line financial management system, enabling proper monitoring of funds. The FCPF grant money is managed by the Ministry of Finance. At the

³ Including the Tarayana Foundation, working primarily with remote and distinctive communities and the Royal Society for the Protection of Nature (RSPN), which also collaborates closely with local communities.

end of every year, both activity progress evaluations and financial audits are carried out for all government spending. Audit reports are presented to the Parliament of Bhutan, thus ensuring accountability.

Self-assessment. The self-assessment concluded that national REDD+ institutions and management arrangements have operated in an open, accountable and transparent manner. This was achieved through: (i) clear mandates and responsibilities for all institutions created to run and oversee the REDD+ Readiness process; (ii) the strong cross-sectoral element in Bhutan's governance system; and (iii) use of Bhutan's standard government processes (annual progress evaluation and audits shared with parliament) to guarantee transparency and accountability. Mandates of the various REDD+ institutions have been mutually supportive, and budget has been adequate for implementing planned REDD+ readiness activities. Cross-sectoral coordination has been promoted by the representation of all relevant sector Ministries in the REDD+ Readiness process, specifically in the three REDD+ Technical Working Groups.

The government identified a number of gaps, including: (i) limited involvement of private and corporate sectors, particularly the wood industries; (ii) weak multi-sector coordination capacity of the institutions; and (iii) weak technical supervision capacity of Regional Office staff and of CSOs/NGOs. A number of areas for further development were identified, including the following: (i) organize more regular meetings with the wood industry to further sustainable forest management and climate change mitigation; (ii) continue to use the robust existing national frameworks and institutions for project implementation; (iii) developed targeted trainings to improve technical supervision capacity of government and CSO/NGO staff; (iv) strengthen capacity of PMUs on procurement; (v) increase the frequency of local awareness-raising activities.

- **TAP assessment.** *Bhutan has made considerable progress under this sub-component, through support from the FCPF as well as from some other Technical and Financial Partners. The TAP assessment concurs with the gaps highlighted by the government, and the areas for further development singled out above. Concur with the ratings.*

Feedback and grievance redress mechanism (criterion 6: **GREEN**)

Bhutan completed a study⁴ on the REDD+ Feedback and Grievance Redress Mechanism (FGRM) in 2021 and recommendations for the establishment of the FGRM were approved. The Bhutan for Life project adopted and customized the FGRM, so that practical experience is now being gained with the system. As part of the FGRM study, six consultation workshops were held, three at the local level and three at the regional level, with representatives from key ministries and departments, NGOs/CSOs, elected local government leaders, community forest group members and village representatives.

Self-assessment. The process for the elaboration of the FGRM has been thorough and participatory. The FGRM is already operational under the Bhutan for Life project, and valuable lessons will be learned from this experience. More resources will need to be mobilized for operationalizing the FGRM and for building the capacity of key stakeholders to use it effectively.

⁴ The 2021 FGRM study can be accessed at <https://www.dofps.gov.bt/documents/>

- **TAP assessment.** *Bhutan has made significant progress in establishing the FGRM. Further dissemination and capacity building activities will be required to ensure the FGRM for REDD+ implementation will be fully functional, as noted by the self-assessment. Concur with the rating.*

Sub-component 1b: Consultation, participation and outreach (Criteria 7-10)

This part of the Readiness Assessment Framework reviews how consultations with key stakeholders are performed to ensure participation of different social groups, transparency, and accountability of decision-making.

Participation and engagement of key stakeholders, Consultation process (criteria 7-8: **GREEN**)

The basis for Bhutan's activities under this element was laid in the consultation and participation plan included in the Readiness Preparation Proposal (R-PP). In recent years, the stakeholder engagement plan was further developed and implemented through an extensive consultation process conducted at national, district and local levels. Key REDD+ Readiness elements such as the national REDD+ Strategy, the Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF) were developed through a participatory and consultative, bottom-up approach. Information was regularly shared with stakeholders through workshops, meetings, reports and publications, posters and the REDD+ and DoFPS websites.

The REDD+ Secretariat has coordinated actively with diverse stakeholders including government agencies, NGOs, CSOs and local government leaders to encourage active participation of key stakeholders in the REDD+ process. At the local level, governance is structured around 20 Dzongkhags (districts) containing 205 Gewogs (sub-districts). There are DoFPS field divisions and offices spread across all 20 Dzongkhags in charge of implementing forestry plans and programs. Dzongkhag administrations have been collaborators throughout the REDD+ readiness programme and will also be key partners for REDD+ implementation. Between 2015 and 2021, a total of 178 stakeholder consultations and capacity building workshops were organized, reaching 12,528 people, 35% of whom were female.⁵ The Tarayana Foundation and the Royal Society for Protection of Nature (RSPN) were key partners in consultations held at local level, given their active involvement and good rapport with remote and marginalized communities. Specific arrangements were also made for the participation of women, including holding separate meetings for men and women in some locations to ensure maximum participation. The stakeholder consultation effort was instrumental not just in furthering the REDD+ readiness process, but also in consulting on the draft forest and nature conservation bill that was tabled in parliament in 2021 and in the piloting of land use zoning initiatives, among others.

For the development of the National REDD+ Strategy and Action Plan and other key Readiness documents (SESA, ESMF, FGRM), a "Training of Trainers" (ToT) was conducted for representatives from each forest office (territorial forest divisions and parks) in the districts and for staff of the Tarayana Foundation. Subsequently, consultations were conducted in all 20 Dzongkhags and 205 Gewogs, covering the whole country. More recently, consultations have been conducted to develop and investment proposal for the implementation of the REDD+ strategy TO BE COMPLETED BY THE END OF JULY 2022.

⁵ See Table 7, pp. 39-40 of the Readiness Package report.

The format of consultations recognized the need to reach stakeholders from a range of diverse backgrounds, including literate as well as illiterate people from different linguistic and cultural backgrounds. Tailored methods and materials were used to meet the specific needs of the different stakeholders, and local languages were always used to conduct consultations.

Self-assessment. Bhutan engaged in a sustained effort to consult the different REDD+ stakeholder groups described above, over an extended period of time (2015-2021). Its information and awareness-raising activities were tailored to different stakeholder groups, including illiterate people from different linguistic and cultural backgrounds, many of whom live in remote areas. Specific efforts were made to include women, such as the organization of separate consultations with women where necessary. A Training-of-Trainers (ToT) approach was used to enable consultations in all 205 sub-districts of the country, focusing on awareness-raising on key REDD+ readiness elements such as the National REDD+ Strategy and Action Plan, SESA and ESMF. Some challenges remain, however: (i) local people need to be more actively involved; (ii) private sector participation has been limited due to resource constraints; (iii) despite special efforts made in this regard, not all local people in remote areas have gained access to REDD+ information.

- **TAP assessment.** *Bhutan invested considerable energy and resources in its REDD+ stakeholder consultations and outreach, targeting different stakeholder groups with tailored messages and events. The contributions of the stakeholder groups that were mobilized – including literate and illiterate people from diverse linguistic and cultural backgrounds, many of whom live in remote areas, and women – helped to strengthen key elements of REDD+ Readiness, including the National REDD+ Strategy and the SESA among others. The TAP reviewer notes the mention in the self-assessment of resource constraints limiting participation of local stakeholders in remote locations and the private sector. Concur with the ratings.*

Information sharing and accessibility of information; Implementation and public disclosure of consultation outcomes (Criteria 9: GREEN and 10: YELLOW)

REDD+ information is publicly available through two websites, https://redd.dofps.gov.bt/?page_id=19 and <https://www.dofps.gov.bt/documents/>, which are regularly updated. For those stakeholders in Bhutan who do not have internet access, local consultations have been held, as described in more detail above. Formats of consultations were varied to reach stakeholders from a range of diverse educational, linguistic, cultural and gender backgrounds, and local languages were always used to conduct consultations.

Self-assessment. The self-assessment concluded that while considerable effort has been made to conduct consultations with all REDD+ stakeholders, resource constraints have hindered the full mobilization of all concerned institutions and organizations. Local communities living in remote areas need special attention. In addition, many communities that have been consulted are not aware of how the outcomes of the consultations have been integrated in the national REDD+ Strategy. Dissemination of the reports and consultation outcomes should continue during the implementation of the REDD+ strategy.

- **TAP assessment.** *Bhutan has made considerable efforts to share information with all REDD+ stakeholders, in a format and language that is understandable to these stakeholders – including local communities from diverse educational, linguistic and cultural background in remote rural areas. Additional efforts need to be made to ensure that stakeholders understand how their inputs have been taken into account in key documents such as the*

National REDD+ Strategy and Action Plan. The TAP reviewer agrees with the self-assessment's conclusion that some of these problems are best addressed by making REDD+ a regular activity of the Forestry Department. Concur with the ratings.

Component 2: REDD+ Strategy Preparation

Sub-component 2a: Assessment of Land Use, Land-use change drivers, Forest Law, Policy and Governance (criteria 11-15)

This part of the Readiness Assessment Framework focuses on how the REDD+ strategy preparation process integrated the causal relationships between the economic, legal and policy context of the country on the one hand, and the associated patterns of land-use change, deforestation and forest degradation on the other.

Assessment and analysis, Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement, Links between drivers/barriers and REDD+ activities, (criteria 11-13:

GREEN)⁶

Bhutan carried out numerous assessments and analytical studies on land use, land use change drivers, forest laws, policies and governance for the REDD+ program implementation. These assessments were carried out as part of the REDD+ studies on drivers of deforestation and forest degradation (D&D), the development of safeguard frameworks and the development of the National REDD+ Strategy and Action Plan – but also under the aegis of the ongoing national land use zoning exercise that the National Land Commission is undertaking. A total of 34 consultation meetings were held in different districts of Bhutan to discuss the results of these D&D assessments. The deforestation and forest degradation analysis indicates that 392,683 ha of forests were gained from 2000 to 2015, while around 74,445 ha were lost, yielding a net gain in forest cover of 318,238 ha, or 12% of forest cover.⁷ Over the same time period, degradation occurred in 667,680 ha of forests, accounting for slightly over a quarter of the country's forests.

The Deforestation and Degradation (D&D) study was published in 2017.⁸ It identified the key drivers of deforestation as State Reserved Forest (SRF) land allotment, hydropower projects, roads, agriculture, mines and quarries. The key drivers of forest degradation were identified as timber and firewood harvesting, forest fires and livestock grazing.

Additionally, a detailed analysis of the underlying drivers of deforestation and forest degradation was carried out to analyze how the policy, regulatory, organizational, programmatic, governance, managerial and technical capacity dimensions of each of the underlying drivers impact D&D and what needs to be done to address them. The key underlying drivers of D&D in Bhutan include governance challenges, inadequate law enforcement, economic pressures and poverty and

⁶ The self-assessment report used a half yellow/half green color score for criterion 11. The TAP reviewer has upgraded this rating to green, to reflect progress made and to maintain comparability between the different country readiness packages.

⁷ This net forest cover gain may not have translated in much net carbon sequestration. Forest loss has mainly occurred along the southern border of the country and in valley bottoms, where forest carbon stocks per ha are higher, whereas forest regrowth has mainly occurred in the high latitudes of the North – where per ha carbon stocks are much lower.

⁸ Available from <http://www.dofps.gov.bt>, document No. 18

demographic factors. Stemming illegal activities, however, is challenging, and there are potential loopholes in the timber allotment system to divert subsidized timber to urban markets.

Self-assessment. The self-assessment concluded that the combination of the above-assessments and studies combined with the historical analysis of spatial data and stakeholder consultation meetings in 34 locations across the Districts provided a good understanding of the direct and underlying drivers of deforestation and forest degradation. Drivers were prioritized on the basis of estimated GHG emission impacts and translated into four REDD+ Strategy Options.

- **TAP assessment.** *The assessment of deforestation and forest degradation and its drivers was done using a combination of satellite imagery and various assessment techniques. Drivers were prioritized on this basis, leading to identification of four REDD+ Strategy Options. The self-assessment notes that the deforestation and degradation statistics appear to indicate that degradation is more of a priority than deforestation, but this is probably much more true for forest cover, than for forest-related GHG emissions.⁹ The process for identifying and prioritizing key drivers and related REDD+ strategy options was made more robust by a total of 34 stakeholder consultation meetings held across the Districts. The TAP reviewer replaced the mixed **GREEN/YELLOW** rating for criterion 11 with a **YELLOW** color score in this report, in view of the level of progress achieved, and the need to maintain comparability among the REDD+ Readiness package assessments of the different FCPF Participant Countries. Otherwise concur with the ratings.*

Action plans to address natural resource rights, land tenure, governance (criterion 14: **YELLOW**¹⁰)

Bhutan has made considerable progress with the development of action plans to address natural resource rights, land tenure and governance, linked to the REDD+ Strategy options and to the National REDD+ Benefit Sharing Framework (BSF). The advanced BSF in particular highlights the need for an appropriate alignment of land and tree ownership and for harmonization or legal integration of the customary and statutory land tenure regimes.

Self-assessment. The self-assessment concluded that while issues and interventions to be included in the Action Plans are identified, further Forest Regulations and related Action Plans will need to be developed, and extent Action Plans need to be endowed with sufficient budget resources for their implementation to ensure their impact on the ground. The REDD+ Secretariat should also strengthen information and awareness raising, through trainings and workshops.

- **TAP assessment.** *Bhutan has made considerable progress with respect to the identification of land and tree tenure rights related issues and reforms needed – for example, the country's Forestry and Nature Conservation Bill is currently under revision in Parliament. The TAP reviewer notes the self-assessment's assertion that further Forest Regulations and Action Plans for their implementation need to be developed and that financial resources necessary*

⁹ As shown on page 47, annual GHG emissions from the most frequent causes of deforestation add up to 2,068,386 tCO₂eq, whereas emissions from the most frequent causes of degradation account for a mere 267,122 tCO₂eq, almost an order of magnitude less.

¹⁰ The self-assessment report used a half yellow/half green color score for this criterion. The TAP reviewer has downgraded this rating to yellow, to reflect progress made and to maintain comparability between the different country readiness packages.

for the implementation of the extant action plans still need to be mobilized. Concur with the rating.

Implications for forest law and policy (criterion 15: **YELLOW**)

Bhutan's National REDD+ Strategy (NRS) is not expected to have major implications for the improvement of forest laws and policies. The feasibility assessment of the regulatory and policy framework that was done as part of the elaboration of the NRS confirmed the overall consistency of the strategy options with the objectives contained in the relevant Policies, Legislations and Regulations (PLRs). The regulatory framework, policies and strategies linked to forest resources support forest conservation and sustainable forest management, including community forest management.¹¹ Having said that, the PLR feasibility assessment also recommended the development of management plans and the strengthening of institutional arrangements with a clearly defined set of responsibilities linked to the PAMs. This has led to the revision of the Forest and Nature Conservation Act of Bhutan (now before Parliament) and the revision of the Forest and Nature Conservation Rules and Regulations, in 2021.

Self-assessment. The self-assessment concluded that Bhutan had made significant progress with this criterion. Next steps identified include the adoption of the Forest and Nature Conservation Act by parliament, the development of Forest Regulations on the basis of the FNCA, and the elaboration of Action Plans for their implementation. Information sharing and awareness raising on this topic should be strengthened.

- **TAP assessment.** *The feasibility assessment of the Policies, Legislations and Regulations (PLR) conducted as part of the NRS process has identified some relatively minor shortcomings in forest-related legal instruments in Bhutan. These shortcomings have been addressed in the revision of the Forestry and Nature Conservation Act, currently before Parliament, and of the Forest and Nature Conservation Rules and Regulation, adopted in 2021. The TAP reviewer has replaced the mixed **GREEN/YELLOW** rating for criterion 15 with a **YELLOW** color score in this report, in view of the level of progress achieved, and the need to maintain comparability among the REDD+ Readiness package assessments of the different FCPF Participant Countries. Otherwise, concur with the rating.*

Sub-component 2b. REDD+ Strategy Options (criteria 16-18)

This part of the Readiness Assessment Framework focuses on the adequacy of selected REDD+ strategy options vis-à-vis identified drivers, and their implementability.

Selection and prioritization of REDD+ strategy options, Feasibility assessment (criteria 16-17: **GREEN**)

The conclusions of the 2017 D&D study regarding the drivers of deforestation and forest degradation and the barriers to sustainable forest management, forest conservation and enhancement of forest carbon stocks were taken as the basis for carrying out nationwide consultations on the key elements of the National REDD+ Strategy and Action Plan. A number of potential REDD+ Strategy Options were the subject of a wide-ranging cost-benefit analysis, taking into account not just emissions reductions but also a range of co-benefits, including enhancing

¹¹ The one exception to this is the 2020 Rural Subsidized Timber Policy, which is discussed under criterion 18, below.

livelihoods, protecting ecosystem services and conserving biodiversity. Four REDD+ Strategy Options were retained: (i) Strengthened Forest Management Practices, through improved management, monitoring and enforcement capacity as well as enhanced stakeholder and community participation; (ii) Climate-smart Primary Production, improving forestry and agricultural productivity to reduce the need for encroachment and increase opportunities for restoring degraded forest; (iii) Integrated Land Use Planning & Management, through strengthening institutional capacities and cross-sectoral coordination and stricter monitoring and enforcement; (iv) Improved Rural Livelihoods, by income generation through sustainable management of Non-Wood Forest Products (NWFP), payment for ecosystem services, nature-based enterprises and climate-smart agricultural and livestock practices. Finally, the four REDD+ Strategy Options were articulated into 10 “Policies and Measures” (PAM), which can be thought of as REDD+ implementation work programs.

The objective of the feasibility assessment was to understand how the different REDD+ strategy options might impact Bhutan’s economic development, existing policies and institutional mandates. The exercise included detailed assessments of (i) Regulatory and Policy Framework; (ii) cost of implementation, estimated at USD 54.6 million; (iii) financial gain and risks analysis; and (iv) institutional analysis (as reported under sub-component 1a above).

Self-assessment. The self-assessment concluded that the process for selecting and prioritizing REDD+ strategy options had been comprehensive, transparent and participatory. The REDD+ Strategy Options initially identified resulted from wide-ranging stakeholder consultations on the Deforestation and Degradation study (see sub-component 2a above). A detailed analysis was carried out to assess the costs and benefits of different REDD+ Strategy Options, and the trade-offs with other policy objectives, as well as the policy and institutional feasibility of what was proposed. REDD+ Strategy Options need to be elaborated in more detail as part of the REDD+ investment proposal currently under preparation. The cost-benefit analysis could be improved through the consideration of additional parameters.

- **TAP assessment.** *Bhutan has made good progress with selecting and prioritizing four major REDD+ strategy options. These options were prioritized in a participatory manner, on the basis of broader sustainable development considerations rather than just emissions reduction potential, as is required by the FCPF assessment framework. The REDD+ strategy options were translated into 10 “Policies and Measures” (PAM), basically distinct work programs for REDD+ implementation. The PAM are being further developed as part of the ongoing elaboration of the REDD+ investment proposal. Concur with the ratings.*

Implications of strategy options on existing sectoral policies criterion 18: **YELLOW**

The historical absence of a land use plan for Bhutan has been a significant limitation to effective environmental management. The projected allotment of State Reserve Forest Land for various development activities may result in significant deforestation and forest degradation unless national spatial planning processes are improved. The lack of an overarching long-term spatial planning policy means that decisions are often made at project level and approved by the local government or National Land Commission Secretariat (NLCS), without or despite input from line ministries. The establishment of a national land use zoning and geospatial management system will be needed to solve this problem and address the underlying drivers of deforestation and forest degradation.

A forest sectoral policy that will require a rethink is the Rural Subsidized Timber Policy. Timber is allotted at subsidized royalty rates to the rural population for housing construction, maintenance

and repair, and subsidized timber accounts for 72% of the overall timber harvest. The present allotment system has many loopholes that provide opportunities for diverting subsidized rural timber to urban markets, an illegal practice incentivized by the price difference between rural and commercial timber, which has widened over time.

Self-assessment. The assessment of REDD+ strategy options has highlighted the need for changes in both cross-sectoral and sectoral policies. The absence of a national land use plan undermines Bhutan's ability to prevent deforestation and forest degradation. The National Land Commission (NLC) is currently developing a land use policy that will be essential for implement Bhutan's REDD+ strategy.

- **TAP assessment.** *Bhutan has made considerable progress in identifying cross-sectoral policy impacts on forests, and in developing REDD+ strategy options to address these cross-sectoral impacts, in collaboration with government agencies from other sectors. The Land Use Policy that is currently being prepared by the National Land Commission (NLC) offers an opportunity to address longstanding shortcomings in land use zoning and planning. Bhutan has also identified a forest sector policy, the Rural Subsidized Timber Policy, that needs to be reformed to align with the National REDD+ Strategy. Concur with the rating.*

Sub-component 2c. Implementation framework (criteria 19-22)

This part of the assessment framework focuses on the structural legal, policy and institutional measures taken to facilitate implementation of the REDD+ strategy.

Adoption and implementation of legislation/regulations, Guidelines for implementation, Benefit sharing mechanism (criteria 19-20: **GREEN** and 21: **YELLOW**)

In Bhutan as in other countries, REDD+ is a multi-sectoral effort that requires cross-sectoral coordination and specific legal and institutional arrangements to ensure that the drivers of deforestation and forest degradation, and the barriers for more sustainable land use, are fully and effectively addressed. The National REDD+ Strategy development process has identified changes needed in a number of legal and regulatory instruments, and the revision process is ongoing. The revised Forest Management Code of Bhutan (FMCB) was adopted in 2021. The revised Forest and Nature Conservation Act (FNCA), which has provisions to safeguard natural resources for both carbon and non-carbon benefits, and support REDD+ implementation, is currently under review by Parliament.

The National REDD+ Strategy and Action Plan of Bhutan, which was developed through country-wide consultations and finalized in 2020, outlines a clear implementation framework. Bhutan has already finalized key elements of the REDD+ implementation framework, including the Feedback and Grievance Redress Mechanism (FGRM) and the Benefit Sharing Mechanism (BSM). Furthermore, a number of existing guidelines and strategies will support REDD+ implementation, such as the National Community Forestry Strategy, the Plantation Strategy of Bhutan (2019), the above-mentioned FCMB, the Non-wood forest products development strategy and the Local Forest Management Plans (LFMP) that have been prepared for numerous Gewogs.¹²

The Benefit Sharing Mechanism was developed through broad consultations, in a participatory and inclusive manner. The implementation of the REDD+ Strategy Options and associated PAMs will lead to a range of monetary and non-monetary benefits. Non-carbon benefits encompass a wide range of

¹² The Gewog is the smallest administrative unit of Bhutan. There are 205 Gewogs in the country.

social, environmental and governance benefits, such as generation of livelihood opportunities, biodiversity conservation and improved water regulation and erosion control.

Self-assessment. The self-assessment concluded that a number of new legal and regulatory instruments intended to facilitate REDD+ implementation have been adopted, such as the Forest Management Code of Bhutan (2021), or are currently under revision, such as the revised Forest and Nature Conservation Act, which is currently before Parliament. Essential elements of the REDD+ implementation framework, such as the Benefit Sharing Mechanism (BSM) and the Feedback and Grievance Redress Mechanism, have been finalized. The REDD+ investment plan of Bhutan still needs to be completed, and awareness created once that is done. The BSM remains untested and needs to be tried out in the field and possibly adjusted on the basis of this experience.

- **TAP assessment.** *As noted by the self-assessment, Bhutan has made considerable progress in establishing the legal and institutional arrangements and guidelines for REDD+ implementation, but still has some work to do, including among others: formal adoption of the revised Forest and Nature Conservation Act, the completion of the REDD+ Investment Plan of Bhutan and the field-testing and possible subsequent adjustment of the Benefit Sharing Mechanism. Concur with the ratings.*

National REDD+ registry and system monitoring REDD+ activities (criterion 22: **YELLOW**)¹³
Bhutan has not yet established a National REDD+ Registry, as so far there has been limited potential to benefit from results-based carbon ER payments for which such a Registry would be required. The Registry is expected to be part of acclimate fund that is currently under development by the National Environment Commission Secretariat. The Forestry and REDD+ information management system that would form the basis for the Registry is currently housed at the Forest Resources Management Division (FRMD) of DoFPS, as part of the unit in charge of NFMS/FREL/MRV. This system includes georeferenced information on REDD+ initiatives, Activity Data related to deforestation and forest degradation, emission factor data for different land use and land use change categories, and national forest inventory data.

Self-assessment. The self-assessment concluded that while the National REDD+ Registry does not yet exist, most of its functions are already operational, through an information management system on REDD+ data and activities housed at the Forest Resources Management Division.

- **TAP assessment.** *The development of the National REDD+ Registry has not yet started, but based on the functionalities of FRMD's REDD+ information management system, it could be developed quite quickly. Systematic monitoring of REDD+ activities also needs further development. The TAP reviewer has replaced the mixed **GREEN/YELLOW** rating for criterion 22 with a **YELLOW** color score in this report, in view of the level of progress achieved, and the need to maintain comparability among the REDD+ Readiness package assessments of the different FCPF Participant Countries. Otherwise concur with the rating.*

¹³ The self-assessment report used a half yellow/half green color score for this criterion. The TAP reviewer has downgraded this rating to yellow, to reflect progress made and to maintain comparability between the different country readiness packages.

Analysis of social and environmental safeguards issues, REDD+ strategy design with respect to impacts, Environmental and Social Management Framework (criteria 23 and 25: **GREEN**, criterion 24: **YELLOW**)

The Royal Government of Bhutan recognizes the need for social and environmental safeguards for all development activities, including REDD+, to optimize benefits and avoid unintentional harm to people or ecosystems. The development of the Strategic Environmental and Social Assessment (SESA) was informed by an analysis of Bhutan's existing safeguard policies and regulations, along with relevant World Bank safeguards policies and UNFCCC guidelines. An Environmental and Social Management Framework (ESMF) was subsequently developed on the basis of the completed SESA (see criterion 25 below).

The concurrent development of the SESA and the National REDD+ Strategy allowed for stakeholder concerns to be integrated into the various REDD+ Strategy options. The SESA formulation process consisted of: (i) identifying and prioritizing the drivers of deforestation and forest degradation; (ii) analyzing the legal, policy and institutional aspects of REDD+ readiness; (iii) assessing the environmental and social issues linked to the Strategy Options and Policies and Measures (PAM); and (iv) establishing outreach, communication and consultative mechanisms with relevant stakeholders. During the elaboration of the SESA, several positive and negative social and environmental impacts were identified, which were then integrated under the relevant National REDD+ Strategy Options, in particular under the most relevant PAMs.

The Environmental and Social Management Framework (ESMF) of Bhutan lays out principles, rules guidelines and procedures for assessing issues and impacts associated with the planned REDD+ PAMs that may occur in the future but are not presently known or are uncertain. The ESMF for the National REDD+ Strategy has been endorsed by the RGoB and has already been submitted to UNFCCC. Consultations on SESA and ESMF were conducted by employing the community engagement approach used by several World Bank-financed projects supporting natural resource management in Bhutan, as well as a platform for participation of relevant stakeholders to integrate social, environmental and gender concerns related to REDD+ implementation. Finally, recommendations were made on how to address gaps in relevant policy and legal frameworks and institutional capacity to manage risks and impacts.

Self-assessment. The self-assessment concluded that environmental and social issues related to REDD+ implementation in Bhutan have been comprehensively analyzed and mitigation measures discussed through the SESA process, which included broad multi-stakeholder consultation modelled on earlier World Bank-financed NRM projects. Social and environmental issues raised by stakeholders were integrated in the PAMs in the final version of the National REDD+ Strategy. The ESMF was developed on the basis of the SESA, in a participatory and inclusive manner. Consultations and workshops were restricted due to the pandemic, so awareness-raising on the SESA and ESMF documents among stakeholders remains a priority. Next steps identified include the field testing of the environmental and social safeguard instruments and adjustment of the instruments as needed.

- **TAP assessment.** *Bhutan has engaged stakeholders at local, regional and national level in the SESA process to identify potential social and environmental impacts of implementing REDD+ Strategy Options, and to suggest ways to avoid or mitigate the negative impacts, as well as amplify the positive ones.*¹⁴ *Environmental and social issues raised by stakeholders*

¹⁴ The "Identified positive and negative impacts under each PAM" announced in the title of Table 16 on page 67 of the Readiness package were not actually included in the table. However, they can be found on pp.27-29 of the ESMF, document No 4 at <https://www.dofps.gov.bt/documents/>

have been incorporated in the National REDD+ Strategy and in the ESMF. Concur with the ratings.

Component 3: Reference Emissions Level/Reference Level (criteria 26-28)

Demonstration of methodology; Use of historical data, adjusted for national circumstances; Technical feasibility of the methodological approach and consistency with UNFCCC/IPCC guidance and guidelines (criteria 26-28: **GREEN**)¹⁵

Bhutan submitted its first proposed National Forest Reference Emission Level (FREL) and National Forest Reference Level (FRL) to the UN Framework Convention on Climate Change (UNFCCC) in December 2020.¹⁶ The independent technical assessment team noted that the data and information used by Bhutan in the construction of FREL and FRL, were transparent, complete and in overall accordance with the guidelines adopted at UNFCCC COP 17.¹⁷ The FREL and the FRL were developed through a series of consultative meetings and workshops. One of the technical workshops motivated Bhutan to develop a separate FREL (concerning emissions from deforestation) and FRL (concerning emissions and removals from the “+” activities of REDD+.

The FREL and FRL were developed in accordance with the methodological guidance of the FCPF, the reporting guidelines of the UNFCCC and the combination of Tier 1 and 2 approaches provided in the IPCC guidelines. The document follows the recommendations of the GFOI methodological guidance. The FREL for deforestation was constructed by calculating the historical average emissions from deforestation and adding an upward adjustment of 0.1% of biomass carbon stock and delayed emission from soil. This is to take in to account a likely increase in deforestation – which is currently minimal at 0.01% – in the future. The deforestation rate is expected to increase to around 0.10% as a result of increased pressure from road, hydropower and mining development.¹⁸

Activity data for deforestation over the 10-year reference period (2005-2014) were assessed using Landsat 7 and 8 satellite imagery, with a 30-metre resolution. Emissions factors (carbon density) were calculated using data from the National Forest Inventory (NFI) and biomass equations. In line with UNFCCC requirements,

It was decided to use a stepwise approach for the development of the FREL/FRL, at national level – as sub-national assessments are unnecessary for a small country like Bhutan. Planned future improvements to the FREL/FRL include: (i) developing forest type/land cover maps annually or periodically, using the same satellite imagery, preferably with higher resolution, as current low-resolution imagery used increases the likelihood of underestimating deforestation; (ii) enhance the

¹⁵ The self-assessment report used a half yellow/half green color score for criterion 26. The TAP reviewer has upgraded this rating to green, to reflect progress made and to maintain comparability between the different country readiness packages.

¹⁶ Republic of Bhutan (2020) Bhutan’s Proposed National Forest Reference Emission Level and National Forest Reference Level Submission for technical assessment to UNFCCC.
https://redd.unfccc.int/files/final_bhutan_frel_frl_20201207_for_webposting.pdf

¹⁷ The technical assessment was published on 11 December 2020 and can be accessed at <https://unfccc.int/documents/267254> or https://unfccc.int/sites/default/files/resource/tar2020_BTN.pdf

¹⁸ Increased future emissions are also expected from agriculture, forest fires and harvesting of timber and firewood in Bhutan.

database system; (iii) develop 25 additional species-specific biomass allometric equations (14 exist), which would allow development of carbon density maps across the country; and (iv) conduct periodic forest inventories.

Self-assessment. To construct its FREL/FRL, Bhutan used historical data, without any adjustment, based on the 2005-2014 period, for which nationwide Landsite 7 and 8 satellite imagery was available. A step-by-step approach has been chosen, excluding those emissions reductions/removals for which reliable data could not be sourced. The UNFCCC independent technical assessment concluded that: (i) data used are reliable and verifiable and cover the entire national territory; (ii) the methodology chosen has been sufficiently documented, proven and accepted nationally and internationally; and (iii) the information presented in the FREL and FRL is consistent with guidance provided by the UNFCCC, and in line with the most recent IPCC guidelines and directives. The FREL and FRL are methodologically consistent with Bhutan's national greenhouse gas inventory for LULUCF. For future FRELS and FRLs, Bhutan plans a number of improvements, including the use of higher-resolution remote sensing imagery, to reduce the uncertainty of emissions and removals calculations.

- **TAP assessment.** *Bhutan's Forest Reference Emissions Level (FREL) and Forest Reference Level (FRL) have been constructed using sound data and methodologies, based on UNFCCC and IPCC guidance and directives and aligned with the national greenhouse gas inventory – as confirmed by a 2020 UNFCCC assessment. The TAP reviewer notes Bhutan's intention to improve the FREL/FRL further, through the use of higher-resolution remote sensing imagery, among others. The TAP reviewer replaced the mixed **GREEN/YELLOW** rating for criterion 26 with a **GREEN** color score, in view of the level of progress achieved, and the need to maintain comparability among the REDD+ Readiness package assessments of the different FCPF Participant Countries. Otherwise concur with the ratings.*

Component 4. Monitoring systems for Forests, and Safeguards

Sub-component 4a: National Forest Monitoring System (criteria 29-31)

This part of the Readiness Assessment Framework focuses on progress made in designing and developing operational forest monitoring systems.

Documentation of monitoring approach, Demonstration of early system implementation, (criteria 29-30: **GREEN**)

An action plan for the development of the National Forest Monitoring System (NFMS) was published in 2017.¹⁹ The objective of Bhutan's National Forest Monitoring System (NFMS) is to regularly assess the state of the forests and their evolution nationwide. The NFMS combines data collected in the field with data from satellite imagery to enable such assessment. It has four main pillars: (i) Satellite Land Monitoring System (SLMS), which is designed to capture Activity Data resulting from both anthropogenic and natural causes, using freely available satellite imagery. The SLMS also helps to generate periodic Land Use and Land Cover (LULC) maps detailing forest types and canopy density, to supplement the National Forest Inventory (NFI) data and assess forest dynamics in the country; (ii) The Multi-purpose National Forest Inventory (NFI), which was started in 2008 as a multi-purpose

¹⁹ <https://redd.dofps.gov.bt/wp-content/uploads/2017/06/Action-Plan-for-National-Forest-Monitoring-System.pdf>

forest ecosystem health monitoring inventory²⁰, collecting information on biodiversity, forest health, forest disturbance and soil carbon in addition to timber resource data; (iii) the National Greenhouse Gas (GHG) Inventory which assesses GHG emissions and removals from any anthropogenic activities in the forestry sector; and (iv) Forest monitoring with associated web portal, which allows archiving and accessing reliable data on sustainable forest management, community and social forestry, watershed management, nature conservation and forest ecosystem health. The information is maintained and disseminated through a robust online database called “Forest Information Reporting and Monitoring System (FIRMS).

The DoFPS also publishes annual Forestry Facts and Figures (www.dofps.gov.bt) that detail summary activities of sustainable forest management, community and social forestry, watershed management, nature conservation, forest health and ecosystem, and forestry and wildlife offenses. The FIRMS database²¹ (<https://firms.dofps.gov.bt/>) is used to generate the forestry facts and figures. DoFPS specifically uses this information to monitor and improve forest and wildlife management and conservation initiatives. In addition, researchers and policymakers make extensive use of this data.

The NFMS web-portal²² (<http://www.bhutan-nfms.org/>) facilitates transparent data sharing at the national and international levels. To ensure long-term cost-effective maintenance, the spatial database and web interface are built on open-source software.

Self-assessment. The self-assessment concluded that Bhutan’s National Forest Monitoring System (NFMS) was fully functional. The forest monitoring method combines the use of remote sensing and field data, and the sources of uncertainty have been identified and quantified. The production of the first national Forest Reference Emissions Level (FREL) and Forest Reference Level (FRL), which was submitted to UNFCCC in 2020, has provided a “proof of concept” for the NFMS. The four pillars of the NFMS described above ensure that the system will be able to quantify the evolution of carbon emissions and removals in relation to the FREL/FRL. Most of the capacity building for the implementation of NFI, SLMS and GHG Inventory has been completed, and a strategy is in place to expand human resource capacity in line with advancements in tools and technologies in the future. In addition, institutional capacity at the District level needs to be improved. Equipment, hardware and software have been acquired but may need to be updated or improved in the future. A databased will need to be developed for the NFI, and integrated with NFMS. The geoportal will be enhanced with analytical capabilities. Finally, a Monitoring, Reporting and Verification document has been developed to guide Bhutan in monitoring its forest cover and to monitor impacts of REDD+ Strategy implementation.

TAP assessment. *Bhutan’s National Forest Monitoring System (NFMS) is fully functional. The capacities of the DoFPS and its staff were strengthened; equipment, hardware and software acquired. The generation of the first FREL/FRL in 2020 provided the “proof of concept” for the effectiveness of the NFMS. Concur with the ratings.*

Institutional arrangements and capacities (criterion 31: GREEN)

DoFPS is the overall coordinator for NFMS implementation in Bhutan. The NFMS institutional framework involves several stakeholders. DoFPS is responsible for the SLMS, NFI and GHG inventory. The GHG inventory for the forestry sector will be conducted in conjunction with the National

²⁰ The first NFI was completed in 2015, the second is currently underway.

²¹ FIRMS database: <https://firms.dofps.gov.bt/>

²² NFMS web-portal: <http://www.bhutan-nfms.org/>

Environment Commission (NEC), which also coordinates the National Communication to the UNFCCC and other international reporting. Data sharing with national stakeholders will be done via the National Geoportal managed by the National Lands Commission (NLC), whereas the NFMS geoportal will be used for worldwide data sharing.

Self-assessment. The self-assessment concluded that the mandates for the different tasks associated with forest monitoring – processing of satellite data, forest inventory, dissemination of information – are clearly defined. Transparent mechanisms for the public dissemination of forest and emissions data, however, are not yet in place. Resource requirements for the operation of the NFMS have been partially defined. Next steps identified include the continued capacity building of the institutions involved in the NFMS; the design and operationalization of a geo-portal to ensure dissemination of forest monitoring data to the general public; mobilization of financial resources and the institutionalization of the NFMS.

- **TAP assessment.** *Bhutan has made considerable progress in developing its National Forest Monitoring System (NFMS). The division of labor between the various institutions involved (DoFPS, NEC, NLC) has been clarified and capacities strengthened. A strategy for future capacity strengthening of DoFPS – as tools and technologies improve – is in place. The main outstanding item is likely to be the institutional integration of NFMS with the National REDD+ Registry, once the latter will have been constituted. Concur with the rating.*

Sub-component 4b: Information systems for multiple benefits, other impacts, governance and safeguards (criteria 32-34)

This part of the Readiness Assessment Framework focuses on how data on other aspects of REDD+ implementation are collected and shared.

Identification of relevant non-carbon aspects and social and environmental aspects (criterion 32: GREEN)

The relevant non-carbon aspects and social and environmental safeguard issues of REDD+ preparations were identified through the Strategic Environmental and Social Assessment (SESA), which was conducted in a participatory manner. A study conducted as part of the REDD+ Readiness process estimated that the value of forest ecosystem goods and services was USD 440-1,293 million, equivalent to 21-63% of GDP.²³ Provisioning services represent the highest values, followed by recreation and regulating services – all of them non-carbon benefits. This is in stark contrast to the findings of traditional economic analysis, which concluded that the annual economic contribution of forests was around USD 40 million in 2015, or around 1.9% of GDP. The valuation of ecosystem services within protected areas is also planned and a framework for this valuation is under development. The findings of the SESA and the thematic study with regards to non-carbon aspects were integrated in the respective safeguard instruments.

Self-assessment. The self-assessment concluded that the non-carbon aspects and the relevant social and environmental issues related to REDD+ had been identified through the SESA and integrated in the required safeguard instruments. Economic evaluation of forest ecosystem services demonstrates that their contribution to the national economy is an order of magnitude higher than was previously

²³ DoFPS 2019. Forest\$ in Bhutan: economic value of forest ecosystem services in Bhutan, report No 10 on <https://www.dofps.gov.bt/documents/>

thought. Next steps identified include continued dissemination of the safeguard instruments, as well as stakeholder capacity building on non-carbon aspects.

- **TAP assessment.** *The self-assessment confirmed the paramount importance of forests – including the non-carbon aspects – to the national economy of Bhutan. Non-carbon aspects have been fully integrated in the safeguard instruments. Concur with the rating.*

Monitoring, reporting and information sharing, Institutional arrangements and capacities (criteria 33: **GREEN** and-34: **YELLOW**)

Development of a multiple Benefits and Safeguards Information System (SIS) started in 2018 and the final SIS report was published in 2019.²⁴ The document contains detailed instructions for collection, aggregation, analysis and dissemination of safeguards-related information. Collection will be carried out by the REDD+ Implementing Agencies, through their designated Safeguard Focal Points. The REDD+ Secretariat, through its National Safeguards Specialist (the NSS), will gather additional and complementary information, and will also be responsible for aggregation of the safeguards information. Subsequently, the NSS will analyze the information and share a draft report with stakeholders for comment. The National Environment Commission (NEC) will be responsible for the dissemination of the final report and for SIS reporting to UNFCCC.

Self-assessment. The self-assessment confirmed that the Multiple Benefits and Safeguards Information System (SIS) has been fully developed, and institutional mandates for the collection, aggregation, analysis and dissemination of safeguards-related information have been clarified.

- **TAP assessment.** *The framework for the SIS that Bhutan published in 2019 is clear and the institutional division of labour for the collection, aggregation, analysis and dissemination of safeguards-related information is well explained. Concur with the ratings.*

²⁴ RGoB 2019 Framework of the Safeguard Information System (SIS) for REDD+ in Bhutan, <https://redd.dofps.gov.bt/wp-content/uploads/2022/06/REDD-Safeguard-SIS.pdf>

4. Summary assessment and recommendations

a. Overall REDD+ Readiness progress

Based on the documents provided, the TAP reviewer concludes that Bhutan's REDD+ Readiness Package demonstrates the country's firm commitment to REDD+ and paints an accurate and honest picture of its readiness work, including many strengths and a few areas for improvement.

Bhutan has been engaged in REDD+ readiness for over seven years and is eager to move towards implementation. The REDD+ Strategy Options are well-aligned with the main direct and indirect drivers of forest-based Greenhouse Gas emissions.

b. Self-assessment process

Bhutan has executed the Self-assessment process in accordance with the FCPF Readiness Assessment Framework, but the scope of the stakeholder consultation process was somewhat curtailed by COVID-19 related restrictions. Stakeholder consultation workshops were held in two locations across the country: in Thimphu District in May and in Bumthang District in June 2022. The two workshops mobilized stakeholders from all 20 Districts of the country. The total of 104 participants were mainly from government, with the exception of a few CSO/NGO representatives. The team conducting the consultations and assessments consisted of officials from Watershed Management Department and the Forest Resources Management Division, Department of Forests and Park Services. The organizing team prepared the background materials and logistics arrangements for the two workshops.

The consultation process was well-structured, with good-quality stakeholder inputs as a result. A draft REDD+ Readiness Package was made available to all participants in the Self-assessment workshops. Workshops were held over two days, starting with an explanatory session, followed by the actual assessment discussions. Participants were encouraged to analyse progress made with different REDD+ Readiness elements, and to identify positive results to be reinforced and weaknesses to be addressed.

The stakeholder workshop participants raised a number of practical issues and questions about the implications of REDD+, which are listed on pp 95-96 of the Readiness package.

c. Overall assessment and recommendations

Bhutan has made significant progress in REDD+ Readiness. For the total of 34 criteria assessed, the country had either achieved significant progress (**GREEN** score, 26 criteria) or progressed well but require further development (**YELLOW** score, 8 criteria).²⁵

Bhutan's progress since the Mid-Term Review was carried out in 2018 has been considerable. Then, only 59% of criteria had **GREEN** or **YELLOW** scores, against 100% now. The inclusive stakeholder consultation process that Bhutan used for developing the REDD+ strategy options has given rise to 10 highly practical "Policies and Measures", which can be thought of as distinctive work programs for REDD+ implementation. Stakeholder consultations on the ESMF and other safeguards instruments suffered from the COVID-19 pandemic, and considerable outreach will be needed to improve stakeholder awareness of safeguards instruments and their role in REDD+ implementation going forward.

The main element of REDD+ Readiness that still needs to be completed is the National REDD+ Registry. Its articulation with the National Forest Monitoring System will also need clarification.

The next step for Bhutan will be the completion of the REDD+ Investment Plan, and the mobilization of funding for the implementation of the National REDD+ Strategy and its 10 "Policies and Measures".

²⁵ The actual color scores provided in the Bhutan Readiness Package report are 24 green, 6 yellow and 4 half green/half yellow. The latter 4 have been distributed equally over the green and yellow scores (2 each) in order to reflect actual progress made and maintain comparability across countries

5. Background documents

NB References are provided in the footnotes in the text

FCPF 2013. A guide to the FCPF Readiness Assessment Framework. Washington, D.C.

https://www.forestcarbonpartnership.org/system/files/documents/fcpc_framework_text_7-25-13_eng_web.pdf

UN-REDD 2013 (revised 2019). National Forest Monitoring Systems: Monitoring and Measurement, Reporting and Verification (M & MRV) in the Context of REDD+ Activities.

<https://www.unredd.net/documents/global-programme-191/mrv-and-monitoring-296/10305-national-forest-monitoring-systems-monitoring-and-measurement-reporting-and-verification-mrv-in-the-context-of-redd-activities-10305.html?path=global-programme-191/mrv-and-monitoring-296>