



From global ambition to country action

Bhutan steps towards low-carbon climate-resilient development

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Summary

Many LDCs are working towards strengthening their national policy and legislative frameworks to implement climate action and play their part in global ambition to achieve the overarching goals of the Paris Agreement. Although each country operates within distinct political, institutional, socioeconomic and environmental contexts, there are many overarching constraints and priorities, and sharing experiences with each other is invaluable to support mutual learning. Yet, few opportunities exist for LDCs to compare their experiences, success stories and challenges about how implementation and climate action unfold at the national level.

This case study on Bhutan seeks to showcase the country's experience in the process of implementing global climate commitments. We take a look at why and how Bhutan is taking steps towards putting the Paris Agreement into practice and embarking on a low-carbon, climate-resilient pathway that is adapted to its unique circumstances. Throughout this report, we compare Bhutan's efforts with those of other countries in the Asia-Pacific region, drawing on the variety of perspectives gathered at an experience-sharing workshop organised by IIED and Janathakshan in June 2018. From this analysis, we draw up a set of transferable lessons that could facilitate the implementation of climate action at the national level across developing countries.

1 Introduction

The International Institute for Environment and Development (IIED) in collaboration with Janathakshan Limited hosted a national experience-sharing workshop in Colombo, Sri Lanka (4-5 June 2018), bringing together 22 climate change and adaptation policymakers from 10 countries in the Asia-Pacific region. The event provided an opportunity for these countries, in particular the Least Developed Countries (LDCs) among them, to share their experiences of not only implementing commitments on climate change made at the international level, but also pushing for greater global ambition through country-driven action.

Many LDCs are working towards strengthening their national policy and legislative frameworks to implement climate action. Although each country operates within distinct political, institutional, socioeconomic and environmental contexts, there are many overarching constraints and priorities, and sharing experiences with each other is invaluable to support mutual learning. There are many transferable lessons to be learnt from each country, in particular around how climate change priorities can be integrated into national planning and budgets (see Box 1), and what types of institutional mechanisms can be put in place to ensure coordination and policy coherence across relevant sectors.

Box 1. Workshop participants' reflections: "What are your government's priorities on climate change?"

- **Nepal** has prioritised low-carbon technological investment using international and private financing. Nepal is also working on a low-carbon economic development plan for the forestry and waste sectors.
- **Bangladesh** has pledged to cut its greenhouse gas (GHG) emissions by 20% conditional on support from the international community, and by 5% unconditionally by 2030.
- **Pakistan** intends to reduce up to 20% of its 2030 projected GHG emissions subject to availability of international grants to meet the total abatement cost for the indicated 20 percent reduction amounting to about US\$ 40 billion at current prices.
- **Vanuatu's** attention is towards sustainable development planning, with special attention to climate disaster resilience and natural resource management. In addition, the island is developing a national energy roadmap which encourages 100% renewable energy.
- **Laos** is prioritising flood and drought resilience in the context of its adaptation action. And is working on a clean development mechanism, hydropower energy, and boosting forest cover in the context of its mitigation action.

Creating the enabling environments for climate action at the national level can also drive global ambition. As Parties to the United Nations Framework Convention on Climate Change (UNFCCC) negotiate the 'rulebook' to the Paris Agreement – setting out the rules for turning the commitments of Paris into effective implementation –, a better understanding of national implementation approaches, challenges and opportunities in vulnerable developing countries is essential to ensure negotiation outcomes meet these countries' needs. Yet, LDCs face significant challenges incorporating the practical considerations about how climate action unfolds at the national level directly into the rulebook during negotiation sessions. Addressing this challenge will go a long way to enabling LDCs to meaningfully participating in the global effort to address climate change, making the Paris Agreement truly universal and having best chance of achieving the Paris Agreement's long-term goals.

This case study on Bhutan seeks to showcase the country's experience in the process of implementing global climate commitments. We begin with an overview of the national context in section 2. Section 3 then presents *why* and *how* Bhutan is taking steps to embark on a low-carbon, climate-resilient pathway. In section 4, we discuss how these efforts link to the UNFCCC process. Throughout this

report, we compare Bhutan's efforts with those of other countries in the Asia-Pacific region, drawing on the variety of perspectives gathered at the workshop. From this analysis, we draw up a set of transferable lessons that could facilitate the implementation of climate action at the national level across developing countries (section 5).

2 Context

“The Kingdom of Bhutan made the commitment to remain carbon-neutral in 2009 despite our status as a small, mountainous developing country with many other pressing social and economic development needs and priorities. This commitment was made with the view that there is no need greater, or more important, than keeping the planet safe for life to continue. While making this sincere commitment to remain carbon-neutral, we also called on the global community to support our resolve and efforts to fulfil this commitment and support us to undertake appropriate mitigation and adaptation measures.” – Intended Nationally Determined Contribution of the Kingdom of Bhutan

The Himalayan Kingdom of Bhutan is a landlocked LDC, sharing borders with India to the south and China to the north. Its economy is concentrated in climate sensitive sectors: the agriculture and livestock sector constitutes 14% of Bhutan’s GDP¹ and is the main source of livelihood for more than half of the population²; hydropower contributes to 12.5% of GDP and 20% of government own revenues³; and forestry, logging, mining and quarrying also play an important role in the national economy.

With a population of about 735,000⁴, a small geographic area of 38,394 km² and over 70% forest cover⁵ with a rich biodiversity, Bhutan’s contribution to global greenhouse gas (GHG) emissions is negligible. Like its neighbouring countries, Bhutan is experiencing shrinking glaciers and freshwater reservoirs, glacial lake outburst flooding, a higher incidence of diseases spread by mosquitos and flooding, more erratic and heavy rainfall that cause flash floods and landslides in the monsoon season, and warmer and dryer winters associated with increasing risk of forest fires.⁶

As an LDC, climate change impacts in Bhutan threaten to reverse progress on sustainable development and poverty alleviation. 60% of the population lives in rural areas and have agriculture-dependent livelihoods.⁷ The country’s rugged topography and landscape mean that roads and other infrastructure that are essential for socioeconomic development are increasingly costly to maintain.⁸ Landslides, surface runoff, land erosion and floods pose genuine dangers not only for Bhutan’s own population but also the millions of people living in downstream countries.⁹

Despite these challenges, Bhutan is committed to an ambitious response to climate change and has made a conscious choice to embark upon a low-carbon climate-resilient development path. The country is already a net carbon sink, and in 2009, at the 15th session of the Conference of the Parties to the UNFCCC (COP-15), it pledged to remain carbon-neutral. Bhutan ensures that national emissions do not exceed the capacity of its sinks in part by committing that 60% of its total land area remains forested¹⁰. This goal was re-affirmed in 2015 in the lead up to the adoption of the Paris Agreement.

¹ National Statistics Bureau of Bhutan (2018) National Accounts Statistics 2017

² World Bank Group (2014), Country Partnership Strategy for The Kingdom of Bhutan For the Period FY2015–19

³ *Ibid.*

⁴ National Statistics Bureau of Bhutan (2018) 2017 Population and Housing Census of Bhutan, National Report

⁵ Bhutan country profile, World Development Indicators database, databank.worldbank.org

⁶ UNDP (2012) Technical review and social impact assessment. Reducing climate change-induced risks and vulnerabilities from glacial lakes outburst floods in the Punakha, Wangdue and Chamkar Valleys

⁷ National Statistics Bureau of Bhutan (2018) 2017 Population and Housing Census of Bhutan, National Report

⁸ Nkonya, E *et al.* (2016) “Economics of land degradation and improvement in Bhutan”, in *Economics of Land Degradation and Improvement—A Global Assessment for Sustainable Development*, p. 329

⁹ Prokop, P and Walanus, A (2017) Impact of the Darjeeling–Bhutan Himalayan front on rainfall hazard pattern, *Natural Hazards* 89:1, p 388

¹⁰ NEC (2015) “Intended Nationally Determined Contribution of the Kingdom of Bhutan”, www4.unfccc.int/ndcregistry/Pages/Party.aspx?party=BTN

Bhutan's low-carbon climate-resilient development pathway consists of two main objectives: first, to bring adaptation and mitigation into a single agenda; and second, to enhance green growth and employment creation initiatives. While working towards these objectives, Bhutan also considers 'Gross National Happiness' in its plans and evaluation criteria (see Box 2), and aims to continue its efforts in the area of gender equality.

Box 2. Bhutan's Gross National Happiness (GNH) philosophy

Bhutan is famous for adopting a holistic approach to development, built around the philosophy of Gross National Happiness (GNH). The concept of GNH was coined in 1972 by His Majesty Jigme Singye Wanchuck, 4th King of Bhutan, in an attempt to harmonise economic progress with spiritual and emotional wellbeing. It gained prominence more recently as the GNH index, which provides a set of values and priorities that are intended to guide public policy and actions of institutions and agents across society. It also serves to evaluate societal change in terms of the collective happiness of people and the quality of the natural environment. Thus, deeply rooted cultural values and tradition in Bhutan serve as the foundation for the country's realisation of sustainable development.

The government has also been working to integrate climate change action into development planning by identifying '*carbon-neutral and climate-resilient development*' as one of the '*key national result areas*' in its five-year development plans¹¹ and has been implementing several adaptation and resilience projects through various climate financing windows. Bhutan's economic development policy of 2016 and its supporting regulations provide incentives towards meeting the carbon-neutral commitment through fiscal and tax measures for increasing energy efficiencies and pollution control in industries, transport and other sectors.

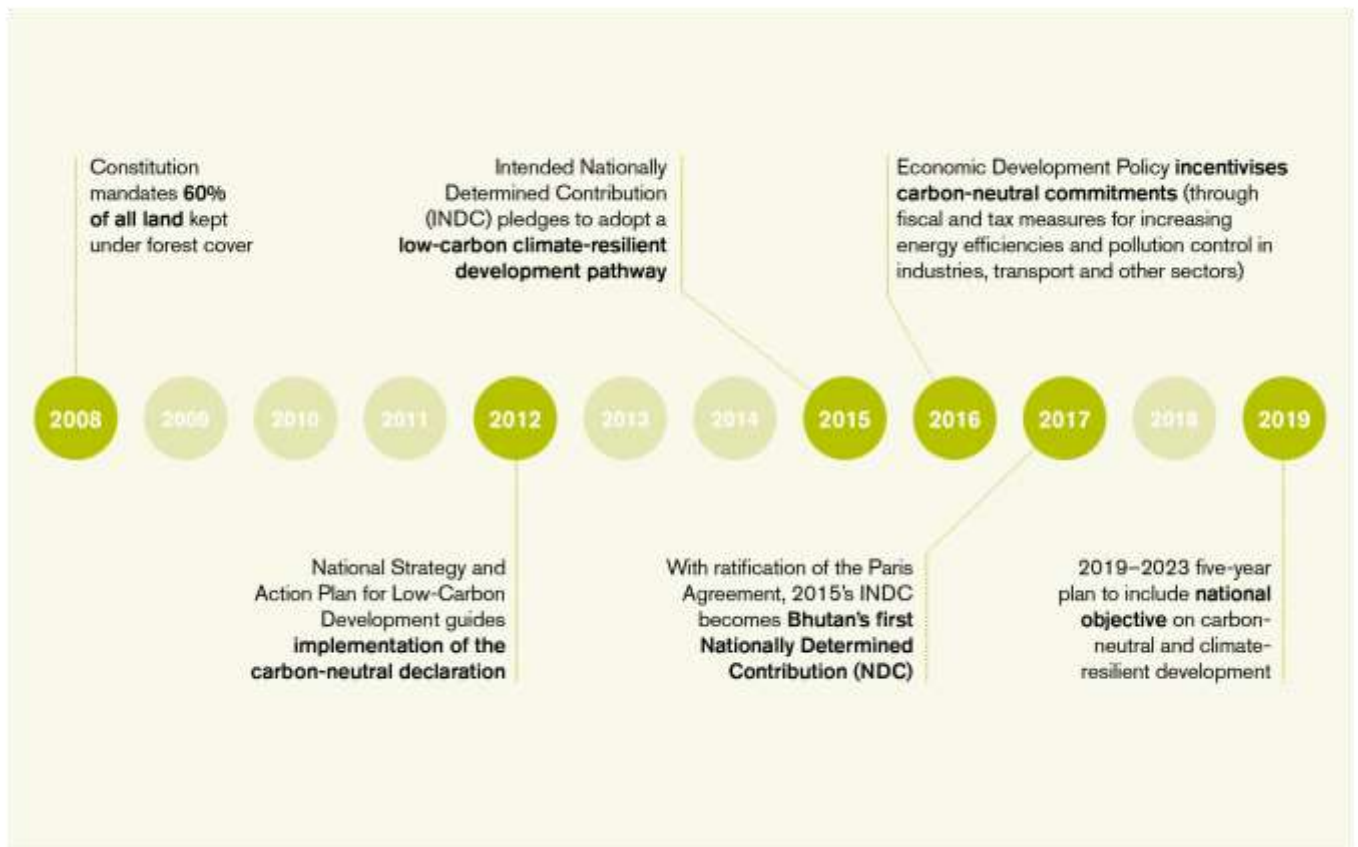
¹¹ Gross National Happiness Commission (2013) Eleventh Five Year Plan, 2013-2018, <http://www.gnhc.gov.bt/en/wp-content/uploads/2017/05/Eleventh-Five-Year-Plan.pdf>

3 Policy and legislative foundations for climate action

3.1 Country vision for sustainable development

Before opening its doors to the outside world from the early 1960s, Bhutan had been relatively isolated and self-reliant. Bearing witness to the rapid transformations taking place in neighboring countries, it took a cautious step towards development. The country was anxious that development was “a double-edged sword [that could] cause undue and unnecessary diminutions in national living standards if not properly anticipated and fully prepared for”¹². Importantly, Bhutan wanted to ensure that the country’s cultural heritage, beliefs and traditional reverence for nature and all living beings would not be compromised in the development process. The government therefore insisted on integrating both ecological and cultural considerations in development plans while taking into account lessons learnt and experiences of the outside world (see Figure 1). Since then, Bhutan has made rapid strides in socio-economic development and is now poised to graduate from the UN’s LDC status by 2023.¹³

Figure 1. Sustainable development policy in Bhutan: a timeline



These long-held beliefs and principles feature in various policies related to sustainable development, including the Forest Policy of 1974 the National Environment Strategy of 1998, the various five-year development plans, legislation such as the Environment Assessment Act 2000 and the National Environment Protection Act 2007. They feature also in the Constitution, which was adopted in 2008: Article 5 mandates every citizen as a trustee of the country’s natural resources and environment for the benefit of present and future Bhutanese generations, and also mandates the government with environmental protection and safeguard approaches to sustainable development. The Constitution also

¹² NEC (1998) The Middle Path: National Environment Strategy for Bhutan, p. 17

¹³ United Nations (2018) Committee for Development Policy, Report on the twentieth session (12-16 March 2018), *Economic and Social Council Official Records, 2018 Supplement No. 13*

mandates that 60% of the country's land is maintained under forest cover, which is reflected in the pledges the Government has made at the international level.

3.2 High-level support and leadership

In line with the environmental policies, the GNH development philosophy and the Constitution, the first democratically-elected government of Bhutan made the unilateral declaration to remain carbon-neutral as a commitment towards the anticipated but unrealised Copenhagen climate agreement in 2009.¹⁴ The second democratically-elected government of Bhutan upheld this commitment to remain carbon-neutral and to pursue a low-carbon and climate-resilient development pathway in Bhutan's Intended Nationally Determined Contribution (INDC) in 2015. Following the ratification of the Paris Agreement by Bhutan on 19 September 2017, this document is now effectively Bhutan's first NDC under the Paris Agreement. It is important to note, however, that while the commitment to maintain 60% forest cover is unconditional as part of the constitutional mandate, the NDC calls for the support of the international community in doing so. Bhutan likewise depends on international cooperation and support to pursue climate-resilient development, including the conditional elements of its NDC.¹⁵

Following the carbon-neutral declaration of 2009, the National Environment Commission (NEC) of Bhutan (the national focal agency on climate change – see section 4.3) led the development of a National Strategy and Action Plan for Low-Carbon Development in 2012 to chart a path towards guiding the implementation of the carbon-neutral declaration. The NEC also led an intensive national consultative process to formulate the country's INDC.¹⁶

The approach to carbon-neutral and climate-resilient development is also well-integrated in Bhutan's 12th five-year development plan (2019-2023). It features as one of its key national objectives (National Key Result Area 6) to ensure that the country is able to meet its carbon-neutral objectives and also to ensure safeguards against the adverse impacts of climate change.

3.3 Ensuring an inclusive and consultative process

In May 2015, the NEC and a team of experts from across government, civil society and the private sector supported a consultation process to inform Bhutan's INDC. This was an inclusive and participatory national consultative process which included a national dialogue, four technical sessions and one executive-level consultation. In May 2015 the three-day stakeholder "Dialogue on Climate-Resilient and Carbon-Neutral Development" was launched by the Prime Minister to assess progress on climate change action at both national and international levels. One clear outcome from the process was the need to include a strong adaptation and resilience component in the INDC.

The government led a similar consultative process for the Low Emission Development Strategy (LEDS), enabling the industrial sector to address growing emissions from one of the key emerging industries. The outcomes of these consultations further informed the INDC.

¹⁴ Royal Government of Bhutan (2009) "Declaration of the Kingdom of Bhutan – The Land of Gross National Happiness to Save our Planet"

¹⁵ NEC (2015) "Intended Nationally Determined Contribution of the Kingdom of Bhutan", p. 1 paras 2 & 4, p. 8 para 5. www4.unfccc.int/ndcregistry/Pages/Party.aspx?party=BTN

¹⁶ Pokhrel, N (20 May 2015) Put climate change assessments into action: PM. *Kuensel*. www.kuenselonline.com/put-climate-change-assessments-into-action-pm/

4 Linking the national and the global

4.1 Planning and implementation

Bhutan has benefited from having the foundations of a low-carbon climate-resilient society laid early on in its Constitution and development and environmental policies.

The Paris Agreement and NDC process provide a platform to reaffirm these commitments, identify Bhutan's priorities for adaptation and mitigation, outline opportunities and actions and highlight support needed. The country's first NDC is now integrated across its 12th Five Year Plan, and key sectors including industry, transport and human settlements are also putting forward low-emission development strategies.

Although its NDC covers adaptation, Bhutan also plans to develop a National Adaptation Plan (NAP) that will outline medium- to long-term priorities and give a long-term vision to short-term adaptation planning of the country. The country has also outlined plans to strengthen NAP processes when funding for the activities is secured.

Box 3. Bhutan's national planning process

Bhutan follows a five-year planning cycle. The overall five-year plan (FYP) process is led by the GNHC, but various sectors take the lead in developing their respective sectoral priorities. The NEC, as the government's primary agency for environment issues, is mandated to mainstream environment and climate change in this process through the National Environment Protection Act 2007.

In previous FYPs, the government's central agencies led the planning process and the implementation of local priority actions. Following a gradual process of decentralisation and capacity building, local governments and agencies were given ownership of local level plans and the responsibility for their implementation. The central agencies provide technical support while implementing larger programmes and activities.

Half of the government budget for the upcoming 12th FYP (2018-2023) is allocated for implementing local level plans, which represents a notable shift from the 11th FYP, when 30% was earmarked for local governments and 70% for central agencies.

Bhutan has been able to implement several adaptation projects as a result of multilateral and bilateral support. Among these were National Adaptation Programme of Action (NAPA) projects, which aimed to address the country's most urgent and immediate adaptation needs as identified in its NAP (submitted to the UNFCCC in 2005). These include:

- Reducing Climate Change-induced Risks and Vulnerabilities from Glacial Lake Outbursts in the Punakha-Wangdi and Chamkhar Valleys (NAPA I)**

This project, with a grant of USD 3,445,050 from the LDC fund, was one of the first adaptation projects implemented from the NAPA process. The risk of glacial lake outburst floods was identified in the NAPA of Bhutan as the most immediate and urgent priority to address the adverse impacts of climate change. Its goal was to enhance adaptive capacity to climate change-induced disaster impacts in Bhutan by lowering water levels in Thorthormi Lake to reduce the risk of a glacial lake outburst flood and establishing early warning systems. It ran from 2008 until 2013.¹⁷
- Addressing the Risk of Climate-induced Disasters through Enhanced National and Local Capacity for Effective Actions (NAPA II)**

This project, which received USD 11,491,200 from the Global Environment Facility (GEF) grant, aimed to enhance national, local and community capacity to prepare for and respond to climate-

¹⁷ Retrieved from www.thegef.org on 10 August 2018.

induced multi-hazards to reduce potential losses of human lives, national economic infrastructure, livelihoods, and livelihood assets. It has been implemented since 2014.¹⁸

- **Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscape and Community Livelihoods (NAPA III)**

This project, with a USD 13,967,124 grant, aims to operationalise an integrated landscape approach through strengthening of biological corridors, sustainable forest and agricultural systems, and building climate resilience of community livelihoods. Its implementation started in 2017.¹⁹

In addition, the Ministry of Agriculture and Forests has been integrating adaptation in the ‘renewable natural resources’ (RNR) sector to address vulnerabilities to climate change in food security, livestock and forests, through various projects. The government received EUR 4.3 million of financing from the European Union (EU) through the Global Climate Change Alliance (GCCA) to enhance capacity of the sector to address climate change and also to implement prioritised actions at the local level.

While these programmes enjoy more visibility, there have been several other smaller programmes on adaptation and mitigation. Many of these have involved providing technical assistance and capacity building for integrating climate change considerations in various sectors and at various levels. A few notable examples:

- The **Low Emission Capacity Building Program (LECB)**, supported by the United Nations Development Programme (UNDP), developed nationally appropriate mitigation actions for waste management, transportation and low emission development strategies for transport and in industries;
- **‘Framework for Energy+ Cooperation’**, supported by Norway, aimed to increase access to sustainable energy services and reduce GHG emissions through enhanced promotion of renewable energy and energy efficiency, but was concluded after the first phase;
- **‘Readiness’** activities for Reducing Emissions from Deforestation and Forest Degradation (REDD) is laying the groundwork for Bhutan to participate in the forestry aspects of the climate change regime.

Various other programmes were implemented through intermediary entities such as regional agencies and development banks.

Bhutan has also implemented mitigation projects. However, these have been smaller in number and scale, and have been financed through GEF allocations. These include:

- **Community Micro Hydro for Sustainable Livelihood**
With a grant of USD 520,000, this project’s objective was the socio-economic development of the Sengor community through provision of electricity for domestic purposes, and utilisation of energy for community-based rural enterprises leading to enhanced livelihoods and poverty alleviation. It ran from 2005 to 2009.²⁰
- **Sustainable Rural Biomass Energy**
This project, which received USD 1,703,000 from the GEF, was set for the removal of barriers to sustainable utilisation of available biomass resources in the country and application of biomass energy technologies that can support economic and social development in the country’s rural sector, in order to reduce GHG emissions. It ran from 2012 to 2016.²¹
- **Bhutan Sustainable Low-emission Urban Transport System**
This project, with a USD 2,639,726 grant, aims to facilitate low-carbon transition in the Bhutan’s urban transport sector by promoting wider uptake of low emission vehicles, in particular electric vehicles, as the preferred fuel source for transport in Bhutan. The project concept was formally approved in May 2017.²²

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

Box 4. Elsewhere in Asia Pacific: Planning climate action in Nepal

During the workshop in Colombo, Mr. Manjeet Dhakal, advisor to the Chair of the LDC Group and senior researcher at Climate Analytics, presented the Nepali planning experience. The key elements of Nepal's planning process include the following features:

- A country-led planning process
- A plan that includes requirements for international process
- A plan that includes sectorial elements
- A plan that includes local elements
- A plan that features institutional arrangements
- A plan that standardises key features across the economy
- A plan that entails viable incentives and subsidies
- A plan that features key targets

Nepal has also developed a climate-responsive budget and started their NAP formulation process. This includes working groups and cross-cutting working groups, which are studying the Paris Agreement's influence on low-carbon climate-resilient development vision. This planning process, which includes NDCs, will be continuous.

4.2 Accessing climate finance

Support for softer programmes on climate change, involving capacity building, institutional strengthening and technical assistance for the development of policies or strategies has been more readily accessible. However, Bhutan continues to face serious challenges raising funds for the implementation of these programmes, policies and strategies. The three NAPA implementation projects supported under the Least Developed Countries Fund (LDCF) are considered to be success stories in building resilience in Bhutan. However, the three Nationally Appropriate Mitigation Action (NAMA) projects developed under the LECB programme – concerning waste management, transport, and energy efficiency in buildings – have yet to enter into their implementation phase. Finding adequate financial support for these actions has proven to be much more difficult.

4.3 Actors and institutions

Institutional framework plays a significant role in dealing with the complex issues of climate change. To this effect, Bhutan has established several institutions to take up different roles and mandates for climate action (Figure 2, Table 1).

Figure 2. Bhutan's institutional framework to mainstream climate action

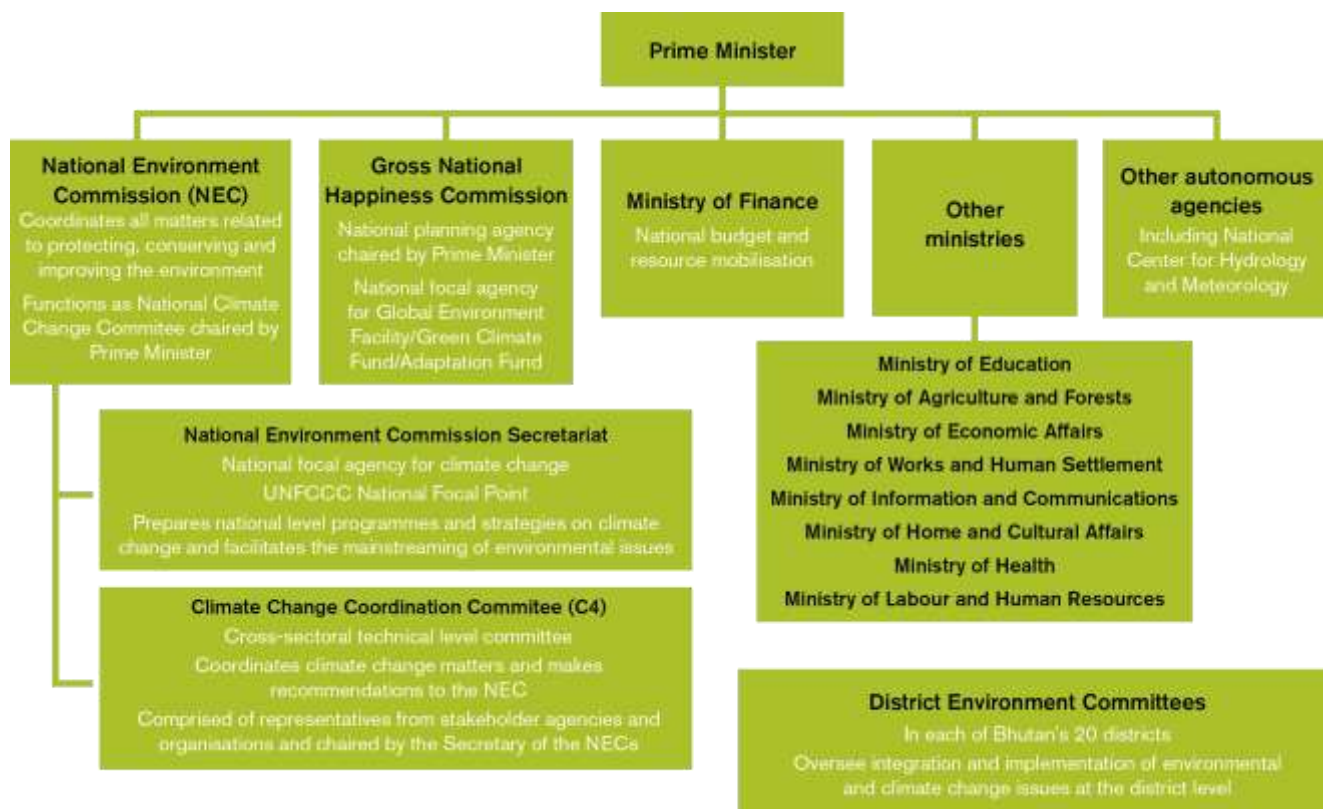


Table 1. Bhutan's public institutions and their role in climate change action

| Institution | Role |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Environment Commission (NEC) | <ul style="list-style-type: none"> The highest cross-sectoral environmental policy and regulatory body, chaired by the Prime Minister Responsible for coordinating all the matters relating to the protection, conservation and improvement of the environment Also functions as the high-level National Climate Change Committee (NCCC). |
| National Environment Commission Secretariat | <ul style="list-style-type: none"> Supports the NCCC/NEC in implementing its mandates and functions National focal agency for UNFCCC for Bhutan Prepares national level programs, strategies on climate change and facilitates the mainstreaming of environmental issues, including climate change action, across all stakeholder agencies |
| Climate Change Coordination Committee (C4) | <ul style="list-style-type: none"> Comprised of 15 executive level representatives from stakeholder agencies and organisations and is chaired by the Secretary of NECS The technical body that serves as a forum for coordination of matters related to climate change in Bhutan Provides recommendations for consideration by the NCCC/NEC |

| | |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gross National Happiness Commission | <ul style="list-style-type: none"> • Coordinates the preparation of policy and five-year plans, programming and prioritisation of national priorities • Mandated to coordinate and facilitate mobilisation of grants and to ensure that resources are allocated to agencies and local governments based on government priority and guidelines in consultation with Ministry of Finance • National focal agency for GEF, Green Climate Fund and Adaptation Fund |
| Ministry of Finance | <ul style="list-style-type: none"> • Mandated to formulate and implement dynamic fiscal policies and sound financial management through maximisation of resource generation, efficient allocation, prudent expenditure and debt management and proper accountability of public resources. • Monitors and channels external financing, including climate finance. |
| National Center for Hydrology and Meteorology | <ul style="list-style-type: none"> • An autonomous agency mandated to provide a national source of hydro-meteorological data, service and advice to meet the needs of the public, emergency services and other specialised users • Is the national focal agency for the intergovernmental panel on climate change (IPCC) |
| Line Agencies (other ministries) | Integrate and implement climate change action in line with their respective mandates and programs, towards national priorities and plans |
| District Environment Committees (DEC) | In each of Bhutan's 20 districts, oversee the integration and implementation of environment and climate change issues within district level plans and programs |

The CSOs and research institutions in Table 2 are regularly active in climate change action and consultations in Bhutan.

Table 2. Bhutan's main CSOs and research institutions in climate change action

| Civil Society Organisation | Role |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bhutan Trust Fund for Environmental Conservation (BT FEC) | Supports local conservation projects, including climate change actions. BT FEC is accredited as a National Implemented Entity (NIE) by the Adaptation Fund and is working towards accreditation as NIE by the GCF |
| Royal Society for the Protection of Nature (RSPN) | The first environmental NGO in Bhutan, works on advocacy and programs on conservation, including climate change |
| Tarayana Foundation | Works with local level communities focusing on the most vulnerable and remote areas on improving livelihoods and sustainable development Integrates climate change adaptation and mitigation in its programs with communities at the local level |
| Bhutan Chamber of Commerce and Industry (BCCI) | Represents the interests of all businesses in Bhutan |
| Association of Bhutanese Industries (ABI) | Works specifically to represent the interests of manufacturing industries in Bhutan, including in adaptation and mitigation actions. ABI was a key partner in identifying risks of flooding to economic investments in industrial zones in NAPA II project. |

| Research institution | Role |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royal University of Bhutan (RUB) | The RUB and its various colleges and institutions have a role in conducting needs-based research to support informed decision making and the planning and implementation of climate change action |
| Ugyen Wangchuck Institute for Conservation and Environmental Research (UWICER) | UWICER is a government-based research and training institute, with a focus on sustainable forestry, conservation biology, water resources, socio-economics and policy sciences; their research focus also includes understanding the implications of global changes such as climate change. |

While these different actors have clear mandates and roles, they face human resource challenges, as well as technical and financial constraints, as is the case in most LDCs. Bhutan being a small country with a small population, its institutions especially lack people with sufficient knowledge and expertise of climate change and broader sustainable development-related intergovernmental processes.

4.4 Ensuring a transparent process

“Since the peaceful inception of constitutional democracy in 2008, Bhutan has invested in developing and strengthening its democratic institutions, including the Parliament, with increasing transparency.” – H.E. Haoliang Xu, UN Assistant Secretary General and UNDP Regional Director for Asia and the Pacific

Bhutan has a strong track record of planning and implementing projects and programmes for development, environment and poverty reduction, and regularly ranks high in international transparency rankings. National institutions for accountability, transparency and rule of law, including the constitutional democratic institutions and the Royal Audit Authority are trusted to perform their duties. Thus, in setting up a national transparency system for climate change action and support, there is no need to start from scratch for Bhutan.

In fact, such an approach for building transparency is proposed as part of monitoring and evaluation processes in the draft Climate Change Policy of Bhutan. Existing institutions for national reporting on climate action and auditing processes on finance and performance could be strengthened to integrate climate change transparency requirements. In addition, efforts being undertaken under the Biodiversity Finance Initiative (BIOFIN) and the Climate Public Expenditure Review (CPEIR) to provide ways of identifying financial needs and gaps through national assessments, and the challenges and opportunities for resource mobilisation²³ could also serve as a foundation for tracking and reporting on financial flows for climate change action.

With respect to climate change reporting, Bhutan has so far submitted its Initial National Communication and Second National Communication to the UNFCCC in 2000 and 2011, respectively. The third National Communication and the first Biennial Update Report are presently under preparation. These obligatory reports are prepared when financial support from the international community is received (as mandated in various COP decisions).

²³ Royal Government of Bhutan (2017) Gross National Happiness for the Global Goals: Technical Background Paper for the Thirteenth-Round Table Meeting Between Bhutan and its Development Partners, p. 53

Although Bhutan has managed to comply with its reporting requirements, national capacity to do so remains limited. The country lacks the permanent systems and regular procedures needed for collecting necessary data and information to complete GHG emission inventories and mitigation assessments. Likewise, achieving the desired level of detail for vulnerability and adaptation needs assessments is difficult given limited availability of tools, information and capacity. Building long-term institutional capacity for such reporting, monitoring and accounting is a priority.

Box 5. Workshop participants' reflections: "What are the main challenges that hinder countries to meet their reporting requirements and increase transparency?"

- Lack of data management
- Lack of capacity to analyse data
- Lack of clear data collection and management systems
- Lack of access to affordable and efficient technology.
- Different reporting systems and rigorous reporting templates at the international and national levels
- Lack of technical expertise and experience
- Lack of coordination amongst relevant entities resulting in data mismanagement.
- Lack of political willingness to share information to the public

5 Conclusion: Emerging lessons and opportunities for further learning

5.1 Learning gaps

The national experience-sharing workshop in Sri Lanka was an opportunity for Bhutan to share how it has been implementing international commitments on climate change and advancing low-carbon climate-resilient development more broadly. At the same time, the country also learned from the experiences of others, especially LDCs and other developing countries in the Asia Pacific region, including lessons learnt and best practices on coordination and planning. Thinking about future sharing and learning opportunities, Bhutan would particularly benefit from insight on suitable technologies and approaches to support low-carbon climate-resilient development for small market economies and/or mountainous countries.

5.2 Identifying support needs

In order to continue to take climate action and make progress on low-carbon climate-resilient development, Bhutan, like other LDCs and vulnerable developing countries, requires scaled up and predictable climate finance. In addition, it requires more clarity from international funding sources about the procedures and guidelines to follow to access these resources.

- As a small country with a small market and population and negligible contribution to global GHG emissions, it is currently difficult for Bhutan to attract mitigation investments, yet it requires support for ensuring that it continues to develop in a low-carbon pathway;
- An additional challenge that the international community should address is that no clear guidelines or metrics exist for measuring progress on adaptation and building resilience. Bhutan requires adequate tools to conduct vulnerability and adaptation assessments which are tailored to its situation and physical geography;
- Limited historical climate and weather data: this makes the development of climate change models and projections very difficult.

5.3 Learning from Bhutan's experience: emerging lessons for the international community

In order to ensure that the momentum for implementing low carbon climate resilient development is not lost, there needs to be a rolling and continuous process of implementing 'soft' climate action (e.g. planning, developing policy, or conducting assessments) and 'hard' interventions (i.e. concrete implementation of the plans and assessments). Otherwise, key stakeholders might lose faith and trust in our countries' capacity for and commitment to climate change action. Bhutan's experience has shown that climate change poses a complex problem for development; countries need to be ready to take dynamic action in order to respond with continuously changing and newly emerging challenges.

Bhutan is currently transitioning from its planning phase to the crucial implementation stage of climate action. Yet it has found that finding support for implementation is difficult. It was much easier to mobilise support and resources for plans and strategies, and assessments.

Furthermore, in Bhutan's experience, ensuring coordination among stakeholders has not been straightforward. There needs to be concerted and continuous efforts from lead agencies and actors to collaborate with one another. Climate change is a multifaceted and multi-sectoral issue which requires efficient and coordinated action among all actors, at all levels. The lack of coordination and coherent action leads to inefficient use of human and financial resources and a duplication of efforts. This is particularly important now, as the international organisations are keen to see early progress in the years following the adoption of the Paris Agreement and the operationalisation of the GCF. The international

community must ensure that this rush for early action and progress, while welcome, is done in close communication and collaboration with national-level actors (rather than in competition with them).

Box 6. Workshop participants' reflections: Key lessons learned

- A climate action planning process needs political engagement and leadership, institutional coordination and consultations; broad stakeholder consultation; and integration with regular planning and budgetary processes.
- Legal frameworks and institutional arrangements play an integral role for the success of climate plan.
- It is necessary to build capacity across the relevant actors to be able to mainstream and better implement climate change action.
- Planning and implementation need to be aligned with national, local and community priorities.
- Building better transparency and adequate reporting mechanism will bring better efficiency.