

Safeguards Compliance Memorandum

Project Information

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| Project Name | Bhutan for Life |
| GCF Focus Area | Cross Cutting |
| Safeguards Categorization | Category B |

Project Description

Bhutan for Life is a 14-year financial bridge that allows for immediate improvement in the management of Bhutan's protected areas for climate resilience, and the prompt delivery of mitigation, adaptation and biodiversity gains, while the country gradually ratchets up its own financing resources.

The project will accomplish this objective through the implementation the below components:

Component A: Mitigation: Increasing forestry and land use climate mitigation

This component focuses on monitoring systems that detect forest cover change and ecological responses of forests and other systems to impacts of climate change. The findings will be used to develop climate resilient forest management practices and restoration of the degraded lands to conserve and enhance carbon stock.

Component B: Adaptation I: Integrated adaptation in communities and ecosystems to improve natural resource management for livelihoods and climate resilience

This component focuses on harnessing climate, hydrological, and natural resources information to design and implement resilience and adaptation measures in Bhutan's protected areas (PAs). This component will work to benefit nature and the livelihood of the population living both inside and in the vicinity of the PAs.

Component C: Adaptation II: Climate-smart conservation to enhance provision of ecosystem services

This component focuses on harnessing climate, natural resource and biological information to design and implement ecosystem-based adaptation management of Bhutan's PAs. This component will work to secure wildlife, habitat, and reduce human wildlife conflict in the changing climate while ensuring the sustainable flow of ecosystem services.

Component D: Protected areas: Effective management of protected areas

This component focuses on strengthening the organizational, institutional and resource capacity for effective management of PAs. This is a crucial component, as the success of the initiative is dependent on fully equipped, well trained staff; full funding; essential infrastructure; and a well-organized system for managing the protected areas.

Component E: BFL program management: Management, monitoring, reporting & evaluation, policy support, contingencies

This component groups all the management activities necessary for the effective implementation of BFL. As such, its purpose is to ensure the efficient implementation of the BFL program.

Project location and salient physical characteristics relevant to the safeguard analysis

The proposed project will be implemented by Bhutan's Department of Forest and Park Services under the Ministry of Agriculture and Forests. External funding for the project will flow through an independent sinking trust fund (called a Transition Fund). The Transition Fund will review progress of project activities and release funds for activities under all components based on a set of disbursement conditions. The management and operations of the Transition Fund will be laid out in an Operating Manual to be developed once the Transition Fund has been established. All safeguards policies procedures consistent with WWF's Environment and Social Safeguards Policies and Procedures (SIPP) will be included in the Operating Manual.

The Transition Fund will finance project activities in 10 protected areas (and the Royal Botanical Park), 8 Biological corridors, and some policy-based activities at the National level. There are 35,000 people (7,000 households) living within the protected area network, most of whom depend on natural resources for their livelihoods.

Wangchuck Centennial Park Established in 2008 and located in central-northern Bhutan, it is the country's largest national park, covering 4,914 square kilometers. It is the source of four major river systems: Punatsang chu, Mangde chu, Chamkhar chu and Kuri chu. The park is home to 693 species of vascular plants, 43 mammal species and 250 bird species. The Park is also home to approximately 10,000 people.

Jigme Dorji National Park is Bhutan's second largest protected area, covering 4,316 square kilometers. The park is a vital watershed covering almost half of northern Bhutan, and is an important natural conservatory of glaciers, alpine meadows and scrublands, sub-alpine and temperate conifer forests, warm and cool temperate broadleaf forests, and the flora and fauna that inhabit these ecosystems. Jigme Dorji National Park is home to about 6,000 people.

Jigme Singye Wangchuck National Park covers an area of 1,723 square kilometers and includes a wide range of habitat types, from broadleaf forests to coniferous forests, alpine pasture and lakes, to permanent ice. The park constitutes the largest, richest and most intact temperate forest reserve in the entire Himalaya. More than 270 species of birds are recorded in the park, including the vulnerable black-necked crane. Approximately 6,000 people reside within the park.

Bumdelling Wildlife Sanctuary is located in the northeastern part of Bhutan, covering an area of 1,520 square kilometers. The Sanctuary contains a rich diversity of flora and fauna, as well alpine lakes. The sanctuary includes several cultural and religious sites of international significance. It also has 343 bird species, 734 species of plant, 202 butterfly species, 18 species of snakes and 7 species of fish. The park has resident population of about 8,047 people.

Royal Manas National Park is the oldest park in Bhutan. Covering 1,057 square kilometers, it is home to megafauna like tiger, elephant, and gaur. It is also home to 426 species of bird and several flora species of commercial, medicinal, and religious significance. Approximately 5,331 people live in remote, isolated villages within the park.

Phrumsengla National Park in central Bhutan covers 905 square kilometers and protects large tracts of old-growth fir forests. The Park has 361 species of birds, of which 6 are globally threatened. Phrumsengla is home to about 5,600 people.

Sakten Wildlife Sanctuary was established in 2003 and covers an area of 740 square kilometers. Sakten is designed to protect the country's eastern-most temperate ecosystems. The sanctuary has recorded 30 species of mammals, 227 species of birds and 63 species of butterflies.

Jigme Khesar Strict Nature Reserve, is the only strict nature reserve in Bhutan. The Reserve covers 609 square kilometers, and protects the westernmost temperate forests of the country. Unlike Bhutan's other protected areas, Jigme Khesar Strict Nature Reserve has no resident human population within the park.

Phibsoo Wildlife Sanctuary is Bhutan's second smallest park covering only 269 square kilometers. It is the only area in Bhutan to have spotted deer, and the only remaining natural sal (*Shorea robusta*) forests in the country. Phibsoo is home to elephants, tigers and gaur. The park has no human residents.

Jomotshangkha Wildlife Sanctuary is situated in southeastern Bhutan, and is the smallest park in the country. However, the park is an important habitat for elephants, gaur and other tropical wildlife species.

Biological Corridors

The biological corridors in Bhutan were established in 1999 to connect all protected areas together into a single contiguous area providing free mobility to wild animals. Isolated populations of wildlife or plants are less genetically viable and at much greater risk than connected populations. The corridors' locations were chosen to balance many factors, including the risk of forest fires, migration patterns of keystone species, difficulty of terrain, habitat condition, human impacts, and the passage's shape, such as the width of narrowest constriction. The longest corridor is the North Corridor, with a total length of 76 km, and the shortest is the 16 km connection between Phrumsengla National Park and the North Corridor.

| Safeguards Policies | Triggered | Explanation |
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| Environment and Social Risk Management | Yes | This policy is applicable because BFL intends to support activities that result in a variety of environment and social impacts. BFL is a conservation project, and its environmental and social outcomes are expected to be generally positive. Adverse environmental and social impacts that may occur as a result of project activities are expected to be site-specific, negligible and easily mitigated. |

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| | | <p>The exact location and impact of specific activities cannot be determined at this stage, and will only be known during project implementation. Thus, an ESMF was prepared to set out guidelines and procedures on how to identify, assess and monitor environmental and social impacts, and how to avoid or mitigate adverse impacts. Site-specific ESMPs will be prepared as required, based on principles and guidelines of the ESMF.</p> <p>While there is no separate WWF policy on occupational and community health and safety, these issues are taken into account as part of the general WWF policy on Environment and Social Risk Management, and the screening process that applies to all project-related activities. These general standards require employers and supervisors to implement all reasonable precautions to protect the health and safety of workers through the introduction of preventive and protective measures. They also require to ensure that the labor rights of project-employed workers are observed, as indicated in the screening tool in Annex 13 of the ESMF.</p> <p>Project activities should also prevent adverse impacts on the health and safety of local communities, involving quality and supply of water to affected communities; safety of project infrastructure, life and properties; protective mechanisms for the use of hazardous materials; disease prevention procedures; and emergency preparedness and response.</p> <p>All project activities will also adhere to principles of energy efficiency, as outlined in the screening tool in Annex 13 of the ESMF.</p> |
| Natural Habitat | Yes | <p>Overall activities of the project will derive significant conservation benefits and any potential adverse environmental impacts on human populations or environmentally important areas including forests, grasslands and other natural habitats are expected to be very limited. However, an environmental and social management framework was prepared to properly manage the risk of any unforeseen adverse environmental impact on natural habitats, including critical natural habitats, as well as measures to enhance the project's positive environmental outcomes.</p> |

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| Indigenous People | No | People in every valley/region in Bhutan can be considered indigenous people, with almost every valley/region having distinct dialects. For example in the Jigme Singye Wangchuck National Park has two groups – the Monpas in Trongsa and Olep in Wangdue could be considered IPs under WWF’s Indigenous People policy given their distinct cultural practices and traditions. However, their social and cultural identity although distinct from dominant society, does not make them vulnerable or disadvantaged therefore a separate documentation does not need to be prepared but will be included in the safeguards documentation. |
| Involuntary Resettlement | Yes | No involuntary resettlement and land acquisition will take place under the proposed project. Even though involuntary land acquisition and resettlement of individuals and/or families will not take place due to project activities, ecosystem restoration and improved land use and conservation planning are likely to affect land use patterns of the communities. This will have an impact on their livelihoods and should be included in the safeguards documentation. |
| Pest Management | No | The project will not involve the procurement and use of pesticides. |
| Physical Cultural Resources (PCR) | Yes | <p>BFL activities will not involve significant excavations. However, monasteries and cultural sites are typically located in the vicinity of communities. Project activities will contribute to strengthening the sanctity of such cultural resources through integrated conservation actions.</p> <p>To avoid or at least mitigate any adverse impacts on PCR, the project will not finance activities that could significantly damage PCR and, as appropriate, conduct field-based surveys using qualified specialists to evaluate PCR and feasible project alternatives that avoid significant PCR damage. The project team will also consult with local people and other relevant stakeholders in documenting the presence and significance of PCR, assessing the nature and extent of potential impacts on these resources, and designing and implementing mitigation plans. In the case of “chance finds” during the course of project works, the procedure outlined in Annex 10 of the ESMF will be followed.</p> |

Summary of Key Safeguards Issues

Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project expects to achieve improved conservation and sustainable use of natural resources as its long term impact of project interventions, which will be both environmentally and socially positive. The anticipated adverse environmental and social impacts on the population that resides within the PAs or in their vicinity and that depends on PAs for their livelihoods are site-specific, reversible and can be readily mitigated.

Minor and site-specific negative environmental impacts may include the following: Implementation of new technologies that may adversely impact watersheds, livestock, and vegetation; use of fuel wood in NWFP that may impose pressure on forests and increase waste; impacts arising from excavation, waste and material management at site during project-related construction works; and disturbance to wildlife movement due to shifting borders and fencing of open grazing areas.

Minor and site-specific negative social impacts may include the following: disruption of local culture and traditional ways of life during construction activities; issues related to occupational and community health and safety during construction works; restrictions of access to livelihoods (non-wood forest projects and rivers); and impacts on land usage due to shifts in land borders.

Detailed mitigation measures to prevent or minimize these impacts are provided in parts VI and VII of the ESMF.

Describe measures taken by the Project Team to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described

An Environmental and Social Management Framework (ESMF) was prepared to identify and manage the environmental and social risks and impacts of the BFL project. The ESMF outlines the principles, procedures, and mitigation measures for addressing environmental and social impacts associated with the project in accordance with the laws and regulations of RGoB and with the WWF's SIPP.

The overall Sponsor (Executing Entity) for BFL is Bhutan's Ministry of Agriculture and Forests (MoAF), Department of Forest and Park Services. For some BFL activities, WWF Bhutan will also be an active collaborator at government request. The day-to-day management of the project will be undertaken by the BFL Project Coordination Unit (BFL PCU), established within the MoAF. The PCU will be in charge of monitoring compliance with the ESMF and the implementation of all safeguards-related obligations. The implementation of specific project activities will be carried out through the respective park management for the PAs and the concerned Territorial Forestry Divisions (TFDs) for the BCs. They will be responsible for all procedures related to environmental and social screening (eligibility), preparation of ESMPs for specific field activities as required, and monitoring compliance with

conditions set out in the RGoB's environment clearance and/or the project's ESMF and ESMPs. The PAs' management and the BCs' TFDs will also be responsible to obtain all required clearances, permits, approvals, or consent documents from relevant authorities and stakeholders.

An Environmental and Social Safeguards (ESS) Expert shall be appointed at the BFL PCU. The expert will provide support to all Park Managers and TFDs in the preparation of environmental assessments for all field specific activities, development and implementation of ESMPs, monitoring of compliance and in reporting on overall safeguards to the BFL Project Steering Committee, Competent Authorities and to the NECs.

Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

All affected communities and relevant stakeholders shall be informed about the ESMF requirements and commitments. The ESMF will be translated into Dzongkha and made available on the websites of the MoAF and DoFPs, as well as the websites of the WWF US and WWF Bhutan. Hard copies of the ESMF will be placed in appropriate public locations in all participating PAs and BCs. PA and BC management authorities will be responsible to raise community awareness regarding the requirements of the ESMF and will also ensure that all external contractors and service providers are fully familiar and comply with the ESMF and other safeguards documents.

As part of the ESMF preparation, consultations were held in 8 out of the 10 project-affected PAs, and in 4 out of the 8 BCs covering east, west, north and southern part of the country. Community consultations were held in 11 Gewogs, involving 239 community members (171 men and 68 women). Participants in all field consultations were divided into four separate groups that consisted of men, women, elderly, and youth. The process also engaged 51 officials of the concerned PAs and BCs.

Additional consultations with project affected people will be carried out as part of the preparation of site-specific ESMPs, as outlined in Section 9 of the ESMF.

Monitoring and Compliance

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? Yes No NA

Have costs related to safeguard policy measures been included in the project cost? Yes No NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? Yes No NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? Yes No NA

Have relevant safeguard policies documents been sent to WWF-US? Yes No NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? Yes [X]
 No [] NA []

Disclosure Requirements

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| Environment and Social Management Framework | |
| Date received by WWF-US GCF Agency | August 3, 2018 |
| Date Disclosed on WWF-US website | August 3, 2018 |
| Date Disclosed on Executing Agency website | August 20, 2018 |
| In country Discloser: Bhutan | August 20, 2018 |

Approvals

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| Safeguards Coordinator | <small>DocuSigned by:</small> <i>Anushika Banerjee</i> <small>5D487790884D0...</small> | Date 10/18/2018 |
| Safeguards Compliance Officer | <small>DocuSigned by:</small> <i>Brent Nordstrom</i> <small>DD60208667E2446...</small> | Date 10/20/2018 |