

Royal Government of Bhutan, Ministry of Agriculture and Forests
Department of Forests and Park Services,
Watershed Management Division (REDD+ Secretariat)

**Terms of Reference for
Consultancy to develop the National REDD+ Strategy and/or Action Plan; Fund
Mobilization to Implement the REDD+ NS/AP and Benefit Sharing mechanism under the
Bhutan REDD+ Readiness Project**

1. Background

Reducing Emissions from Deforestation and Forest Degradation (REDD) is designed under the United Nations Framework Convention on Climate Change (UNFCCC) negotiations to use market and financial incentives to reduce the emissions of greenhouse gases (GHG) from deforestation and forest degradation. REDD+ plus (REDD+) includes the enhancement of forest carbon stocks. With support from the UN-REDD Programme and the World Bank's Forest Carbon Partnership Facility (FCPF), participant countries are implementing a program of activities aimed at developing their readiness to avail of future resources and financing for REDD.

As a participating country, the Royal Government of Bhutan (RGoB) has received an amount of US\$3.8 million from the FCPF for implementing its REDD+ Readiness as stipulated in the FCPF Readiness Preparation Proposal (RPP). Bhutan envisages that participation in REDD+ mechanism has potential to generate carbon revenues as well as non-carbon co-benefits. REDD+ implementation can contribute to Bhutan's sustainable development through improved management of forest resources, forest law enforcement and governance. Being "ready" for REDD+ will entail increased capacity to coordinate and harmonize sector policies with the view of mitigating future impacts on forest cover, while ensuring that benefits from forests flow to forest dependent communities and stakeholders that are vested in actions to address deforestation and forest degradation. REDD+ architecture will also help in achieving Bhutan's obligation to contribute to global low carbon emission development and sustainable development agenda while responding to commitments under the (Intended) Nationally Determined Contributions ((I)NDCs).

As part of the readiness, Bhutan will prepare a National REDD+ Strategy and/or Action Plan (NS/AP) - a roadmap for implementing Bhutan's REDD+ program that will guide decisions on the policies and programs for addressing the drivers of deforestation and forest degradation and improving the carbon sink capacity of the forest. The REDD+ NS/AP will also include the Policies and Measures (PaMs) to be implemented for REDD+, description of the National Forest Monitoring System and Forest Reference Emission Level, a Benefit Sharing Mechanism and mapping out sources and approaches for availing of REDD+ funding for implementing the NS/AP, and a grievance redress mechanism for the identified REDD+ policies and measures. In this context, the Royal Government of Bhutan (RGoB) is seeking to hire an international consultant to support the work as detailed below. The outputs to be achieved and tasks under each work is described below while full Terms of References (ToRs) can be found in Annexes I to III.

2. Objectives of the Assignment

The objective of this assignment is to contribute to Bhutan's REDD+ readiness program by

- i) developing Bhutan's National REDD+ Strategy and/or Action Plan;
- ii) developing Bhutan's Benefit Sharing Mechanism for REDD+;

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- iii) mapping out and identifying the sources and approaches for availing of REDD+ funding (fund mobilization).

3. Output and Tasks of the Assignment

3.1 REDD+ National Strategy and Action Plan (REDD+ NS/AP)

3.1.1 Outputs

- Define a vision for Bhutan's REDD+ program including the scope and scale based on the analysis of drivers of deforestation and forest degradation and barriers to conservation, sustainable management of forest and enhancement of forest carbon stocks. Identify the viable investment options that respond to the challenges/drivers of Deforestation and degradation. Specifically, propose REDD+ interventions that can be implemented in coherence with the national development objectives and priorities and agreed international framework.
- Clearly specify the Policies & Measures (PAMs) and approaches envisioned to achieve the vision and results. This should provide action plan to implement the selected REDD+ interventions.
- Develop an implementation framework for implementing the REDD+ interventions including the institutional structure, financial mobilization and M&E.

3.1.1 Tasks

- Review, connect and build upon the various ongoing and planned analytical work and studies under the REDD+ Readiness including the R-PP document, Drivers and Barriers study, Corruption Risk Assessment, Stakeholder Engagement guideline, SESA/ESMF, NFMS, FREL, MRV and other REDD+ related documents, relevant laws, policies, land use plans and relevant development strategies, plans and guidelines
- Identify and assess, the specific roles to be played by different stakeholders including forest & non-forest sectors, Community Forest Management (CFMGs), marginalized population, etc.) and NGOs in the implementation of REDD+ including monitoring and safeguards, benefits sharing, measurement, reporting and verification (MRV).
- Identify a range of viable strategic options and subject the candidate strategic options to a multiple criteria assessment (e.g. economic, social and environmental dimensions) with a focus on the (SESA) ensuring to identify measures for addressing potential social and environmental impacts of the priority options, evaluate opportunity for synergies (or potential conflicts) between the identified options and other national development priorities, including assessment of trade-offs across development goals or sectors, or consideration of any relationship to an evolving low carbon development strategy, biodiversity conservation strategy and ways of mitigating conflicts and enhancing cross-sectoral synergies. And based on these, formulate an action plan to translate the priority strategic options into implementable activities on the ground.

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- The Action Plan should identify measures for addressing grievances and complaints and safeguard approach for mitigating potential risks taking into consideration applicable World Bank safeguard policies and the UN-REDD safeguard principles.
- To ensure an inclusive and consultative process, develop and implement a consultation work plan which may comprise (i) an inception workshop to discuss methodology for implementing this consultancy, (ii) a national workshop halfway through the task to discuss findings and seek views from relevant government, CSOs and other key stakeholders, (iii) a workshop at submission of first draft report, and the final report respectively etc. The consultant shall facilitate and document all the consultative process and outcomes and submit to WMD.
- Propose a financing mechanism for implementation of the REDD+ strategy including possible sources of finance, fund management and utilization and benefit distribution as outlined below.

3.2 Benefit Sharing Mechanism for National REDD+ program in Bhutan

3.2.1 Outputs

The objective of the consultancy is to provide practical and implementable options to ensure that the benefits from the implementation of REDD+ are equitably shared among the relevant stakeholders involved in the implementation of REDD+ activities, based on emerging national REDD+ Strategy of Bhutan. The assignment should identify likely benefits that are expected from the Result Based Payment of REDD+ and the relevant tools to effectively distribute them to relevant stakeholders.

3.2.2 Tasks

1. Clearly define the goals and scope of REDD+ Benefit Sharing Mechanism, and conduct assess the existing benefit sharing systems of both formal and informal nature at national and international level through desktop analysis and case studies. References to existing documents related to REDD+ such as Stakeholder Engagement Guideline, safeguard roadmap document, corruption risks assessment, FCPF, UNREDD publications etc should be made. Also assess the efficiency and weakness of the existing mechanisms through consultations and identify recommendations to further strengthen the systems required. .
2. Identify the range and categories of potential benefits and beneficiaries resulting from the emerging REDD+ activities.
3. Assess the current benefit sharing mechanism and incentives programmes in natural resource management, forestry and wildlife conservation broadly.
4. Document good practices and lessons at national and international levels for informing benefit sharing options for REDD+ in Bhutan (explicit examples of benefit sharing mechanisms)
5. Lists and describe the factors, challenges, main strengths and weakness to equitable benefit sharing schemes in Bhutan and propose mitigation measures to reduce the risks including the capacity building requirements.
6. Assess policy, institutional and regulatory issues which may impact the benefit sharing in Bhutan and identify policy gap and decision making process of REDD+ benefit sharing in the country.

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7. Identify different benefit sharing models and describe the key characteristics and features of each benefit sharing model including the conditions under which it best operates such as forest dependent communities, state forests, community forests, private forestry, land and traditional rights of the communities etc
8. Provide the model of each diagram with the description of key features including the flow of benefits. The non-carbon benefits is also required descriptions and methods to monitor.
9. Assess how the existing institutional structures, policies and regulations, resources and capacity and recommend any improvements/changes required to implement each proposed models.
10. Lists the potential beneficiaries from REDD+ program in the country with appropriate design of how the benefits will be equitably distributed. Suggest conditionality for distributing various benefits to different REDD+ along with methodologies for benefit distribution.
11. Indicate the percentages that should be assigned to the identified beneficiary stakeholders such as Government, Communities and Farmers involved in REDD+ programme
12. Provide major recommendations to address the gaps at policy level with reference to the existing best practices in the country. Recommend innovative ways of distributing benefits equitably all the relevant stakeholders in Bhutan.
13. Provide concrete suggestions on how the government can move forward with the existing or by creating new/additional arrangements for REDD+ benefit sharing schemes.
14. Assess the implementation arrangements for benefit distribution mechanism and likely responsible stakeholders/agencies to be involved during the benefit distribution program from REDD+.
15. Assess the implementation arrangements for the proposed benefit sharing system for REDD+ with likely stakeholders to be involved. Highlight the monitoring and compliance procedures to be adopted for REDD+ Benefit Sharing Mechanism.
16. Propose a plan for continuous improvement of and to communicate to it to stakeholders.
17. Validate and deliver final benefit sharing options and arrangements for Bhutan's REDD+, through incorporation of all issues and comments from the relevant stakeholders during the process of consultancy and final validation workshops.

3.3 Fund Mobilization

3.3.1 Outputs

A fund mobilization strategy for National REDD+ Strategy implementation.

3.3.2 Tasks

1. Define the goals and scope of REDD+ fund mobilization and assess the existing fund mobilization schemes of both formal and informal nature at national and international level through desktop analysis and case studies.
2. Estimate the range and categories of total funding needs for implementation of the REDD+ National Strategy and indicate the future amount that Bhutan may benefit from Results Based Payments if all the PAMs and all activities reflected in the NS are implemented.
3. Assess the probability of Bhutan to get funds for NS implementation and access to the result based payments for REDD+ post 2020.

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4. Suggest likely potential funding sources and financing options, methods & ways to access funds for implementation of REDD+ National Strategy.
5. List and describe the factors, challenges, main strengths and weakness of Bhutan in accessing funds for National Strategy implementation and deriving benefits from Result Based Scheme of REDD+ and propose mitigation measures to reduce these risks. The likely barriers that may hinder the funds generations and the mechanisms to correct these hindrance mechanisms should be indicated.
6. Identify the current institutional strengths and capacity gaps for fund mobilization and recommend stakeholders to be involved in the REDD+ fund mobilization including the international partners that are directly involved in REDD+ implementation and the roles of these different stakeholders.
7. Suggest suitable methods and tools to mobilize funds for REDD+ implementation in Bhutan and barriers and drivers for efficient fund mobilization. Identify different fund mobilization models (if any) with key characteristics and features of each models including the conditions under which it best operates.
8. Clearly indicate the various donors for result based payments under UNFCCC and advise the suitable time for RBPs and the strategic assessments for barriers that may hinder benefits for Bhutan from result based payment and recommend measures to address these barriers.
9. Suggest ways and measures to enhance the REDD+ fund mobilization for Bhutan, in the current context of the country.
10. Identify policy gap and decision making process of REDD+ fund mobilization.
11. Assess the implementation arrangements for REDD+ fund mobilization with likely responsible stakeholders to be involved.
12. Propose a plan for continuous improvement of fund mobilization strategy and methodology to communicate it to the stakeholders and donors.
13. Validate and deliver final fund mobilization strategy document for Bhutan's REDD+, through incorporation of all issues and comments from the relevant stakeholders during the process of consultancy and final validation workshops. Recommend innovative ways of mobilizing funds to REDD+ Strategy implementation.

4. Deliverables and Payments

The REDD Secretariat will receive a comprehensive report on the NS/AP (as per the proposed framework attached in Annex I), the benefit sharing scheme and fund mobilization as specified in this TOR.

The overall timeframe for this consultancy will be 9 months from the date of contract signing. The schedule of the deliverable and payment is as summarized in the table below.

Payment schedule: The Payment plan will be as per the contract agreement between WMD/REDD Secretariat and the consultant as per the schedule below:

Delivery and Payment Schedule

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Period (working man-days/months)	Product	Payment
14 man days	Inception Report inclusive of a Technical Note demonstrating understanding of the problem (inclusive of a literature review) and tasks and the proposed methodologies and output delivery schedule.	10%
4.5 months	Draft REDD+ National Strategy and Action Plan document that includes Policy, Legal and Institutional framework for REDD+, REDD+ strategy options and Action Plan and a Consultation report Draft report on benefit sharing mechanism for REDD+ Draft report on the fund mobilization with detailed proposals for priority investment options as outlined in the Action Plan	40%
9 months	Finalized and validated documents on REDD+ National Strategy and Action Plan fund mobilization and Benefit Sharing Mechanism	50%

Upon confirmation of successful selection, the consultant should accept the consultancy within 14 business days. The contract agreement will be signed between WMD and selected consultant upon which WMD. The consultant should attend and present the document to REDD+ TWG meetings for feedback and comments on the documents as and when prompted and necessitated by the REDD+ secretariat. The comments provided should be incorporated within one week and submitted to the secretariat for approval. Draft copy of the report will be submitted to the REDD secretariat within four months). The document should be acceptable to all key REDD+ stakeholders including bilateral and multilateral donors and other climate finance instruments

5. Study Team and their qualifications, experiences and competencies

The lead consultant will have a post graduate degree (Master's and/or PhD) in Natural Resources Management, Forest and landuse policy, strategic planning and investment financing and conditional transfers. Experience in forest and landuse policy, strategic planning and project management; international development, political and/or social science and/or related field. Demonstrate sufficient experience in leading multidisciplinary teams and should have the proven capability of studying and producing consistently high quality reports. The Consultant is also expected to have a working understanding of the (i) international best practice on benefit sharing; (ii) relevance of policies on land tenure and land use rights, land policy, etc. for Carbon; (iii) rules and regulations and institutional arrangements governing benefits distribution in natural resources such as the Community Forest Management Group, the subsidized rural timber program; and (iv) expertise in mobilizing investment financing. It is expected that following additional skill sets will be required to fulfill the conditions of the consultancy. The lead consultant will be responsible for identifying and recruiting expertise to perform the tasks and produce the deliverables described in these Terms of Reference.

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- A minimum of 10 years' progressive experience in forest, land use or sustainable development
- Strong understanding of REDD+ under the UNFCCC, including application of REDD+ concepts and implementation in developing countries
- Experience in drafting policy documents in a developing country context
- 15 years of experience in Communications/Consultations, Forestry and Climate change and finance and forest expenditure reviews
- Environmental and economic assessment of REDD+ and NRM policy analysis
- Social equity and forest governance
- Demonstrate working understanding of REDD+ and Climate Change, Social, environmental and economic assessment of REDD+, forest governance, and NRM policy
- Proven track record in fundraising for project development, from UN agencies or non-governmental organizations
- Excellent written and oral communication skills (English)
- Good understanding of bilateral and multi-lateral donors, funds and foundations related to climate change issues and REDD+
- Excellent inter-personal working skills; community mobilization and grievance redress
- Knowledge and experience on issues of transparency, accountability and benefit sharing in forestry based carbon project and/or other forms of Payment for Environmental Services (PES)
- Extensive and nuanced knowledge of REDD+, climate change and/or PES, Cost Benefit Analysis, and other performance-based forestry financing mechanism, with adequate knowledge of associated safeguard mechanisms
- Experience in the field of designing Benefit sharing mechanisms or similar instruments

5.1 Selection Method

The consultancy firm will be selected in accordance with the procedures set out in the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, January 2011, (Consultant Guidelines) adopting selection method of "Quality- And Cost- Based Selection (QCBS)" The consultants will be evaluated and short-listed based on the approved evaluation criteria.

5.2 Client's Input to the Consultant

The REDD+ Focal Point from the WMD (and REDD+ TWG members) will supervise and oversee the contract and to help implement the study by providing feedback and coordination with other government and non-government agencies. The national consultant hired by WMD will closely liaise with the international consultant firm/consultants and provide support for collection of national data and stakeholder consultations. The National consultant will provide inputs for two working months spread over the whole consultancy period.

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WMD will also facilitate the conduct of consultation meetings, workshops, field visits and interviews or discussions with the relevant stakeholders and members of REDD TWGs at different stages of the study.

5.3 Reporting, Supervision and copy right

The International Consultant will report to the Chief Forestry Officer, WMD (Dr. Pema Wangda, pemaparop@gmail.com) and the World Bank WB Task Team (Ms. Dora Cudjoe, dcudjoe@worldbank.org tel: +2024585887).

All data and documents generated from the consultancy work should be submitted to MoAF and the ownership and copy right of the data, maps, consultation records and reports shall rest with MoAF.

Annex I: Terms of references to develop the REDD+ National Strategy and Actin Plan

6. Background

1. The REDD+ (Reducing emissions from deforestation, forest degradation, and enhance carbon sequestration through enhancement of forest carbon stocks, conservation of forests and sustainable management of forests) concept was conceived during COP13 as a global effort to mitigate climate change impacts from the forestry sector. REDD+ is a mechanism to provide incentives by the international community to developing countries interested in reducing remissions and enhancing carbon sequestration from its forests. Accordingly, REDD+ was adopted by Bhutan in 2010. Bhutan is currently in readiness phase of the REDD+ program supported by Forest Carbon Partnership Facility (FCPF) with World Bank as it's delivery partner. As a part of readiness, Bhutan is developing National REDD+ Strategy including all REDD+ elements required under UNFCCC such as setting Reference level and developing National Forest Monitoring and Safeguard Information System. The drivers study on deforestation and barriers to plus activities of REDD+ also forms part of the strategy development. The National REDD+ Strategy is expected to be implemented post 2020 to benefit Bhutan from the international communities through result based scheme.

The proposed strategy will be prepared through a participatory process that will elicit and prioritize the strategic options that meet the social and environmental safeguards. The process of developing the strategy will involve examining the existing policy, legal and institutional framework and propose a clear and time bound way forward for setting up or strengthening the institutions, norms, processes and procedures for implementing REDD+ in Bhutan.

4 An indicative list of strategy options for the National REDD+ Strategy has been elaborated under the Readiness Preparation Proposal (R-PP) process and shall serve as the basis for further dialogue on a National REDD+ strategy and action plan (NS/AP). The final selection of strategy options and the eventual formulation of the RSAP document will require further analytical work, consensus building, prioritization and operationalization. A number of existing policies, programs which are REDD+ related and reports such as prepared as part of the readiness process, will also provide inputs for the development of the RSAP. Notably, the Strategic Environmental and Social Assessment and the Environment and Social Management Framework (SESA/ESMF), the Forest Reference and Emissions Level and Measurement Reporting and Verification Framework (FREL and MRV), the Valuation of Ecosystems Services (VES), the Grievance and Redress Mechanism (GRM), Benefits Sharing Scheme (BSS), the UN-REDD Stakeholder Engagement Guidelines, Corruption Risk Analysis, and the Funds Mobilization Study respectively will serve as cornerstone of the RSAP. The stakeholder engagement guidelines prepared as part of the UN-REDD Readiness support which identifies the stream of key audience including the media, civil society, opinion makers, forest populations, local communities, the State and the private sector and the stakeholder mapping exercise to be conducted as part of the Drivers of Deforestation and Degradation study would provide guidance for the RSAP consultative process. The formulation of the NS/AP will thus be based on the results from the aforementioned studies; multi-stakeholder consultative process; and in-depth analytical work to assess and validate preliminary strategic options and others that may be identified including:

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- a. Cost-Benefit analyses of different proposed REDD+ Strategy options (opportunity, implementation, transaction cost).
- b. Feasibility analyses of different proposed REDD+ Strategy options (including barrier analysis, and review of experiences from REDD+ pilot activities).
- c. Consultations to guide and validate analytical work, and to accompany REDD+ Strategy formulation.

7. Objectives

6. The main objective of this consultancy is to develop, under the leadership of the RGoB National REDD+ Secretariat, a national REDD+ Strategy and Action Plan to serve as a roadmap for RGoB to implement REDD+. It would entail

- ✓ Defining a vision for Bhutan's REDD+ program including the scope and scale based on the analysis of drivers of deforestation and forest degradation and barriers to conservation, sustainable management of forest and enhancement of forest carbon stocks. Specifically, it should propose REDD+ interventions that can be implemented in coherence with the national development objectives and priorities and agreed international framework.
- ✓ Clearly specifying what are the Policies & Measures (PAMs) and approaches envisioned to achieve the vision and results based on a careful examination of the existing policy, legal and institutional framework.
- ✓ Provide a time bound way forward and action plan to implement the selected REDD+ interventions including setting up the institutions, norms, processes and procedures for implementing REDD+ in Bhutan

8. Tasks

7. The main task of this assignment is to develop National REDD+ Strategy and Action Plan (NS/AP) for Bhutan, as guided by the proposed framework attached in Annex Ia of this TOR. Specific tasks expected under this assignment include:

- Review, connect and build upon the analytical work carried out on different components of REDD+ framework and develop the NS/AP. Existing works and studies include the R-PP document, Drivers and Barriers study, Corruption Risk Assessment, Stakeholder Engagement guidelines, SESA/ESMF, National Forest Management Strategy (NFMS), FREL and MRV and other REDD+ related documents, relevant law, policy, strategy, plans and guidelines
- Assess, identify and agree on specific roles to be played by different stakeholders including forest & non-forest sectors and NGOs in the implementation of REDD+ (PAMs, safeguards, BDS, M/MRV) , funds mobilization, etc) and evaluate opportunity for synergies (or conflicts) between the identified options and other national development priorities, including assessment of trade-offs across development goals or sectors, or consideration of any relationship to an evolving low carbon development strategy, biodiversity conservation strategy and ways of mitigating conflicts and enhancing cross-sectoral synergies.

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- Assess the role of (and responsibility) of local communities, Community Forest Management (CFMGs), marginalized population, etc) in the implementation of REDD+ activities, and monitoring of safeguards (including multiple benefits) and forests.
- Identify a range of viable strategic options and subject the candidate strategic options to a multiple criteria assessment (e.g. economic, social and environmental dimensions) with a focus on the (SESA) ensuring to identify measures for addressing anticipated social and environmental impacts of the priority options. And based on these, formulate action plan to translate the priority strategic options into implementable activities on the ground.
- The Action plan should identify measures for addressing grievances and complaints and safeguard approach for mitigating potential safeguards risks taking into consideration applicable Bank safeguard policies and the UN-REDD safeguard principles.
- To ensure an inclusive and consultative process, develop and implement a consultation workplan which may comprise (i) an inception workshop to discuss methodology for implementing this consultancy, (ii) a national workshop halfway through the task to discuss findings and seek views from relevant government, CSOs and other key stakeholders, (iii) a workshop at submission of first draft report, and the final report respectively etc. the consultant shall facilitate and document all the consultative process and outcomes and submit to WMD.
- Propose a financing mechanism for implementation of the REDD+ strategy including possible sources of finance, fund management and utilization and benefit distribution.

9. Study Approach

8. The consultancy firm shall propose a methodology for carrying out the proposed activity. However, it is expected that the proposed methodology shall be developed on the inclusive and participatory approaches, on gender considerations allowing stakeholders timely and informed participation in the discussions. The methodology shall also allow to generate consensus, or at least broad acceptance, on the way forward (vision) for REDD+ in Bhutan.

9. The information can be generated through reviewing available secondary information and structured interactions with relevant stakeholders at local, district, regional and national level. Furthermore, primary data will be collected and analyzed when necessary to fill data gaps and to validate secondary data analysis findings through interviews, focus group discussions, field visits and consultation workshops.

10. Deliverables

13. The REDD Secretariat needs to receive a comprehensive report on NS/AP, as specified in the objectives above and as per the proposed framework attached in Annex I of this TOR. The document should be acceptable to all key REDD+ stakeholders including bilateral and multilateral donors and other climate finance instruments for making decision on investment in REDD+ in Bhutan.

14. The consultant is expected to prepare an inception report with a detailed work plan to guide the process and submitted within two weeks from time of contract signing. This work plan will describe how the study will be carried out, including work schedule to ensure that the final

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submission will be made on time, methodology to be used related to each specific task, information collection and analysis, and reporting. Based on the work plan, a detailed plan of study will be discussed and finalized jointly with REDD+ Secretariat and REDD+ TWG members.

15. Draft copies of the final REDD strategy will be submitted to the client within 3.5 months of commencement of the contract agreement. Following the final review by the client of the submitted draft documents and the ensuing communication, the consultant shall prepare and submit the final hard copies and an electronic copy of the required documents to the REDD+ Secretariat.

16. In addition to the strategy document, the lead consultant should submit all the records and reports of workshops, meetings and discussions held at various levels during the consultancy work.

Annex Ia: Proposed framework for REDD+ National Strategy and Action Plan

I: INTRODUCTION

- 1.1 REDD+ Concept and Evolution
- 1.2 REDD+ in Bhutan's Context -
- 1.3 National REDD+ Strategy Formulation process
- 1.4. Guiding Principles for Bhutan's National REDD+ Strategy and Action Plan

III: GUIDING FEATURES OF BHUTAN'S REDD+ National Strategy & Action Plan

- 2.1 Vision, Mission, Objectives (outcome and duration)
- 2.2 Guiding Principles (Participatory, stakeholder engagement, gender considerations, governance, redress, multi-sector interventions, coherence with national forestry programs and taking into consideration key drivers of land use change, building on existing system, etc)
- 2.3 Scope, Scale and Approach
- 2.4 REDD+ Finance

II: SITUATIONAL ANALYSIS

- 3.1 Assessment of Forest Law, Policy and Governance in the context of REDD+
 - Strengths and shortcomings of Forest Law, Policy and Regulations in the context of REDD+
 - Measures to refine policy, law and implementation approaches to address the key drivers of deforestation and forest degradation and the barriers to “plus” activities
 - Existing governance structures and mechanisms - the extent to which they are conducive to REDD+
 - What are the existing institutional structures for addressing the deforestation and forest degradation and barriers to “plus” activities?
- 3.2 Assessment of Land Use and drivers of Land Use Change (based on findings from the Drivers Study)
 - Historical Land use trends
 - Existing national forest plans and programs
 - Assessment of land tenure and associated governance issues

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- Assessment of natural resource rights and the associated governance issues (ex. traditional rights)
- Prioritized drivers of deforestation and forest degradation and barriers to “plus” activities using agreed multi-criteria analysis including social and environmental safeguards, cost benefits analysis
- Analysis of the underlying causes of drivers of deforestation and forest degradation and barriers to “plus” activities including cross-sectoral factors

IV: REDD+ STRATEGY OPTIONS

- Identification and selection of strategy options including scope and actions
- Feasibility assessment (institution and human resource capacity, financial resources, financial analysis and abatement costs, etc.) of selected strategy options and the risk mitigation measures
- Action Plan and timeline for the implementation of strategy options

V. REDD+ Implementation Framework

5.1 Legal, Institutional and Governance Arrangements

- Institutional Structure (for the implementation of REDD+ strategy/program)
- Governance Arrangement (for the implementation of REDD+ strategy/program)
- Legal arrangement (for the implementation of REDD+ strategy/program)
- Grievance and Redress Program adopted for REDD+ Strategy

5.2 Financing mechanism for the National REDD+ strategy

- Sources of REDD+ finance
- Benefit distribution system
- Fund management and utilization

5.3 Capacity building for implementation of NS/AP

- Communication plan and Stakeholder engagement strategy
- Capacity building plan including that of institutions, staffs, stakeholders and communities

VI. THE REFERENCE LEVEL (RL) and or FREL

- Bhutan's Existing Circumstances with respect to setting RL
- Methodology and Approach for setting the RL
- Functioning of the Preliminary RL at National and Sub-National Level
- Proposal for Further Adjustment in RL
- Work Plan for Proposed Adjustment in the RL

VII: NATIONAL FOREST MONITORING SYSTEM (NFMS)

- Design of NFMS
- Rationale for the Selection of Methods Used (/Proposed) in the System
- Action Plan to Institutionalize a Fully Operational NFMS

VIII: COUNTRY SAFEGUARD SYSTEM

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- Safeguard Information System for Multiple Benefits, Other impacts, Governance and Safeguards
- The National Forest Information Management System
- Multiple benefits and risks
- Grievance redress mechanism

IX: MONITORING & EVALUATION DURING IMPLEMENTATION OF NATIONAL REDD+ STRATEGY AND ACTION PLAN

Annex II: Terms of Reference for developing Benefit Sharing Mechanism

1. Introduction

Implementation of future REDD+ programs are envisaged to generate benefits¹ to relevant stakeholders involved in REDD+ activities to be proposed in Bhutan's National REDD+ Strategy. Within the context of REDD+ Readiness Programme of Bhutan, one of the activities is to conduct institutional assessment on BS with the aim of designing effective and equitable BS mechanism for future use. Appropriate benefit sharing mechanisms ensuring equitable distribution benefits is essential for the success of future REDD+ implementation. Only if stakeholders involved in REDD+ activities are rewarded according to their contributions to reduced deforestation, degradation, conservation and stock enhancement, will REDD+ be measurable and lasting. Bhutan is also implementing the Payment for Environmental Services (PES) scheme, in complementarity to REDD+ activities in which downstream users (the service buyers) compensate upstream communities (providers) for the environmental (forest) services provided. PES can be a delivery mechanism for the benefits derived from REDD+ activities.

Taking forward the readiness preparation process, it is vital to establish a mechanism for registering and distributing the benefits that are likely to be generated from the implementation of national REDD+ strategy in the future. It is necessary to have a transparent, accountable, robust system and institutional setup within the Government's governance program in order to guarantee a fair and equitable sharing benefits among relevant stakeholders. As has been learned in the design and implementation of other REDD+ and PES schemes the institutional arrangements and system(s) should reduce or prevent the likelihood of grievances and corruption related cases during implementation of the REDD+ and associated PES program ensuring that the benefits reach those stakeholders who would be involved in delivering results in the implementation of REDD+ activities in the future.

Designing appropriate benefit sharing arrangements for the emerging National REDD+ Strategy will include identifying the range and categories of benefits and beneficiaries specific to proposed activities and geographic locations, the process/s for how benefits will be equitably and efficiently shared, the institutional structures needed and the processes for transparent decision making and implementation. The process of designing an acceptable benefit sharing system and implementation scheme, would thus involve a comprehensive analysis of the existing benefit

¹ Benefits are understood in a broad sense as denoting individual and collective benefits, monetary and non-monetary benefits (i.e., non-carbon or co-benefits).

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sharing schemes in Bhutan (including institutional analysis of those implementing existing BS, as well as the review of the legal frameworks, laws, regulations on BS if any in the country) paying attention to the design and implementation challenges facing the Community Forest Management Groups system identifying gaps on auditing, monitoring and routine evaluation of performance. The analysis should examine issues on role of local government in Community forestry; equity and gender, standards on financial accounting, benefit sharing and representation, third party monitoring; and process for distribution of incomes.

2. Objective of the Consultancy

The objective of the consultancy is to provide practical and implementable benefit sharing scheme option to ensure fair and equitable sharing of benefits to stakeholders involved in delivering results from the implementation of REDD+ activities post 2020. The assignment should identify likely benefits from future Results Based Payment of REDD+, relevant tools to effectively distribute them and the beneficiaries. In this regard, the Consultant is expected to have a working understanding of the (i) UNFCCC guiding principles on benefit sharing; (ii) relevance of policies on land tenure and land use rights, land policy, etc. for Carbon; and (iii) rules and regulations and institutional arrangements governing benefits distribution in natural resources such as the Community Forest Management Group, the subsidized rural timber program, etc.

Design of the BSS should take the national circumstances and UNFCCC requirements in to account, and will be consistent with the existing documents and policies such as Corruption Risks Assessments, Road map document for Bhutan REDD+ Safeguard etc. It should also align with the National REDD+ Strategy document to be developed as well as all relevant studies that are/will be carried out as part of the REDD Readiness process. The approach and process to be adopted for carrying out this consultancy must follow the principles of transparency, completeness, consistency, comparability and applicability. The process of designing the benefit sharing scheme would involve extensive consultations with all the relevant sectors, stakeholders and communities to ensure an informed, inclusive and effective implementation of the scheme.

3. Scope

The assignment shall entail the following tasks and sub-tasks:

I. Stocktaking of existing benefit sharing schemes

1. Clearly define the goals and scope of the REDD+ Benefit Sharing scheme for Bhutan, and assess the existing benefit sharing system/programs/initiatives/ mechanisms, both formal and informal, at national and international levels through desktop analysis. References to existing documents related to REDD+ such as Stakeholder Engagement Guidelines, Bhutan REDD+ safeguard roadmap document, corruption risk assessment, FCPF, UNREDD publications etc. should be made.
2. Assess the efficiency and weakness of the existing programs/schemes/mechanisms through consultations and make recommendations for further strengthening it paying attention to elements that would be relevant for developing the benefit-sharing scheme for Bhutan.
3. Assess the current benefit sharing mechanism and incentives programmes in natural resource management, forestry and wildlife conservation broadly with the intent of applying it in Bhutan.
4. Document good practices and lessons at national and international levels for informing benefit sharing options for REDD+ in Bhutan (explicit examples of benefit sharing schemes)

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5. List and describe the factors, challenges, main strengths and weaknesses to equitable benefit sharing schemes in Bhutan.

II. Identification of Benefits and Beneficiaries

6. Based on the RPP and other relevant documents already prepared/being prepared under the readiness phase, synthesize the range of likely benefits that are expected from the REDD+ implementation
7. With the objective that the expected benefits are to be distributed among the relevant REDD+ stakeholders, such as forest dependent communities, community and private forestry management groups, and locals involved in sustainable traditional forest management practices; and also that the stakeholder mapping exercise that will be developed under the Drivers of Deforestation and Degradation Study as well as the SESA/ESMF studies will provide significant inputs into generating a comprehensive beneficiary list for the BSS.
 - a. Identify the range and categories of beneficiaries likely to result from the emerging REDD+ activities
8. Using the list of potential beneficiaries from REDD+, determine an appropriate design of how benefits will be equitably distributed. Suggest conditionality for distributing various benefits to different beneficiaries along with methodologies for benefit distribution.
9. Estimated percentages that should be assigned to the identified beneficiary stakeholders such as Government, Communities and Farmers that would be involved in future REDD+ program

III. Propose Benefit Sharing Scheme(s) Options

10. Identify different benefit sharing models and describe the key characteristics and features of each benefit sharing model including the condition under which it best operates such as forest dependent communities, state forests, community forests, private forestry, land and traditional rights of the communities etc.
11. Provide the diagram of each model with the description of key features including the flow of benefits.
12. Provide concrete suggestions on how the government can move forward with the existing arrangements for REDD+ benefit sharing scheme or creating new/additional ones including the role that PES mechanisms might play.

IV. Institutional Arrangements and Supporting Policy Framework

13. Review and refine the institutional and implementation arrangements for the day-to-day operations of the benefit sharing schemes/programs/ mechanisms in Bhutan
14. Identify existing partner agencies and organizations involved in the design and implementation of the existing and proposed BSS or that have executive functions in financing, implementing, coordinating and controlling activities that are part of the BSS in Bhutan
15. Assess the capacity of participating stakeholders and other involved entities to design and implement the BSS. This will include but not limited to: i) administrative oversight of the BSS; ii) development and operation of the scheme; iii) financial management; iv) Implementation of Benefit Sharing scheme and relevant Safeguard Plan(s); v) feedback and grievance redress mechanism(s); vi) stakeholder consultations and information sharing;
16. Assess the implementation arrangements and likely responsible stakeholders/agencies to be involved including the possibility of using a PES scheme as one delivery mechanism
17. Highlight the monitoring and compliance procedures to be adopted for the scheme
18. Provide recommendations for strengthening the institutional arrangements to facilitate effective design and implementation

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19. Assess policy, institutional and regulatory issues which may impact benefit sharing in Bhutan and identify policy gaps and decision making process of REDD+ benefit sharing in the country.
20. Provide recommendations to address policy level gaps taking into consideration references and lessons from existing best practices in the country

V. Approach for Measurement and Monitoring on the BSS

21. Provide descriptions and methods to monitor the non-carbon benefits
22. Propose a plan for continuous improvement and communication of the program to stakeholders.
23. Validate and deliver final benefit sharing options and arrangements for Bhutan's REDD+, through incorporation of all issues and comments from the stakeholder consultations and final validation workshops.

VI. BSS Program Consultations

24. Carry out the tasks above in a highly consultative manner both at national and district, sub-district levels drawing on the consultations program adopted for the Drivers of Deforestation and Degradation study, the SESA/ESMF) with government agencies, local communities, indigenous people, civil society organizations and private sectors. The consultation team should consist of representatives from government, NGOs and CSOs.
 - a. To ensure an inclusive and consultative process, develop and implement a consultation work plan which may comprise (i) an inception workshop to discuss methodology for implementing this consultancy, (ii) a national workshop halfway through the task to discuss findings and seek views from relevant government, CSOs and other key stakeholders, (iii) a workshop at submission of first draft report, and the final report respectively etc.
 - b. For the implementation phase of the BSS, propose a work plan for consultations and meetings, a description of publications and other information and the mechanisms for receiving and responding to feedback, complaints and grievances.
25. Describe how the stakeholder information sharing and consultation mechanisms were used in a form, manner and language understandable to the stakeholders for the BSS
26. Describe how the sum of these actions will result in the full, effective and on-going participation of relevant stakeholders. Provide information on how the process builds on the stakeholder outreach and consultation process implemented as part of national REDD Readiness activities.
27. Provide a summary of the comments received from stakeholders including the main topic, the type of stakeholder and a concise description of the comments (detailed minutes of meetings and participants). Describe how these views have been or will be taken into account in the design and implementation of the BSS to ensure broad community support.

Annex III: Terms of References for Fund Mobilization

1. Background

As a part of readiness, Bhutan is developing National REDD+ Strategy including all REDD+ elements required under UNFCCC such as setting Reference level and developing National Forest Monitoring and Safeguard Information System. The drivers study on deforestation and barriers to plus activities of REDD+ also forms part of the strategy development. The National REDD+

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Strategy is expected to be implemented post 2020 to benefit Bhutan from the international communities through result based scheme. However, funds will be required for the purpose of REDD+ Strategy implementation and it will be vital to study reliable funding agencies for REDD+ implementation as well as to access the results based payments from the donor countries or agencies such as through Green Climate Fund. Therefore, prior preparation to mobilise funds for REDD+ National Strategy implementation will enable Bhutan to implement the strategy as soon as it is developed without delay. Earlier the National Strategy implementation, more likely will be the positive outcomes to derive benefits from the REDD+ scheme.

2. **Rationale**

Bhutan is currently in the preparatory phase of the REDD+ that will result in the development of National REDD+ Strategy document with support from Forest Carbon Partnership Facility (FCPF) through World Bank. The implementation of the REDD+ Strategy is expected to generate benefits through 'Result Based Payments' scheme post 2020. On the other hand, in the phase of REDD+ implementation, the funds will be required to implement the REDD+ activities reflected in the REDD+ National Strategy. The implementation programs will be associated with the five REDD+ activities (Reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks) wherein drivers of deforestation and forest degradation and barriers to plus activities will be accordingly responded. Therefore, based on the funds requirement as per National REDD+ Strategy, the likely funding sources and mechanisms to generate funds will be required to be worked out beforehand. The availability of funds on time will enable timely implementation of REDD+ National Strategy, thereby improving the possibility of benefiting from the Result Based Scheme of REDD+.

3. **Scope**

The consultancy is expected to design a sound strategy to mobilize funds for the National REDD+ Strategy implementation and to engage in result based scheme of REDD+ program post 2020 in Bhutan. The design of the strategy should take the national circumstances and UNFCCC requirements in to account. It should be consistent with the existing documents and policies such as Corruption Risks Assessments, Road map document for Bhutan Safeguard etc and in line with the National REDD+ Strategy document currently under development. The method must follow the principles of transparency, completeness, consistency, comparability and applicability. The consultations with the relevant sectors, stakeholders and communities is essential in designing of REDD+ fund mobilization for Bhutan.

4. **Objective of consultancy**

The purpose of the consultancy is to develop proposals to ensure funds for effective implementation of National REDD+ Strategy of Bhutan and suggest various ways to access result based payments as per the UNFCCC guidelines and in line with the emerging national REDD+ Strategy of Bhutan. The assignment should identify likely funding sources, and mechanisms to mobilize funds issues for the REDD+ initiatives in Bhutan.

5. **Expect Output and Key deliverables**

The consultancy report is expected to specifically address the following

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- a. Define the goals and scope of REDD+ fund mobilization and assess the existing fund mobilization schemes of both formal or informal nature at national and international level through desktop analysis and case studies. Refer the existing documents related to REDD+ in Bhutan and UNFCCC.
- b. Assess the existing fund mobilization scheme related to natural resource management, forestry, and wildlife conservation broadly.
- c. Document good practices and lessons at national and international levels in establishing the REDD+ fund mobilization mechanism and the relations of these similar practices to REDD+ in Bhutan.
- d. Estimate the range and categories of total funding needs for implementation of the REDD+ National Strategy and indicate the future amount that Bhutan may benefit from Results Based Payments if all the PAMs and all activities reflected in the NS are implemented.
- e. Assess the probability of Bhutan to get funds for NS implementation and the access to the result based scheme of REDD+ scheme post 2020.
- f. Suggest likely potential funding sources and financing options, methods & ways to access funds for implementation of REDD+ National Strategy.
- g. Lists and describe the factors, challenges, main strengths and weakness of Bhutan in accessing funds for National Strategy implementation and deriving benefits from Result Based Scheme of REDD+ and propose mitigation measures to reduce these risks. The likely barriers that may hinder the funds generations and the mechanisms to correct these hindrance mechanisms should be indicated.
- h. Identify the current institutional strengths and capacity gaps for fund mobilization and recommend stakeholders to be involved in the REDD+ fund mobilization including the international partners that are directly involved in REDD+ implementation and the roles of these different stakeholders.
- i. Suggest suitable methods and tools to mobilize funds for REDD+ implementation in Bhutan and barriers and drivers for efficient fund mobilization. Identify different fund mobilization models (if any) with key characteristics and features of each models including the conditions under which it best operates.
- j. Clearly indicate the various donors for result based payments under UNFCCC and advise the suitable time for RBPs and the strategic assessments for barriers that may hinder benefits for Bhutan from result based payment and recommend measures to address these barriers.
- k. Suggest ways and measures to enhance the REDD+ fund mobilization for Bhutan, in the current context of the country.
- l. Identify policy gap and decision making process of REDD+ fund mobilization.
- m. Assess the implementation arrangements for REDD+ fund mobilization with likely responsible stakeholders to be involved.
- n. Propose a plan for continuous improvement of fund mobilization strategy and methodology to communicate it to the stakeholders and donors.
- o. Validate and deliver final fund mobilization mechanism document for Bhutan's REDD+, through incorporation of all issues and comments from the relevant stakeholders during the process of consultancy and final validation workshops.

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Recommend innovative ways of mobilizing funds to REDD+ Strategy implementation.