



**GREEN
CLIMATE
FUND**

GOALS

- Ensure that Bhutan remains carbon negative by continuing to act as a national sink of greenhouse gas emissions.
- Support Bhutan's ambitious plan to maintain 60 percent of its land as forest.
- Prove that the national development of a Least Developed Country does not have to come at the cost of extensive environmental degradation.

ESTIMATED PROJECT LIFESPAN

14 years

FUNDING

USD 118.3 million grant, with GCF contribution of USD 26.6 million

GEOGRAPHIC FOCUS

Bhutan/South Asia

PARTNERS

World Wildlife Fund (WWF) and Royal Government of Bhutan, among others

BHUTAN FOR LIFE AT A GLANCE

GCF PROJECT SHOWS NATURAL DEVELOPMENT CAN EQUAL NATIONAL DEVELOPMENT BY KEEPING TREES STANDING

BACKGROUND

The kingdom of Bhutan is well known for its Global Happiness Index, which includes environmental conservation as one of its four pillars. It is also pursuing another milestone – to remain carbon neutral – as part its Nationally Determined Contribution (NDC) under the Paris Agreement, which GCF serves. Bhutan's climate change strategy revolves around keeping 60 percent of the country under forest cover through a network of Protected Areas. But as Bhutan's economy grows, many of these areas are coming under increasing pressure. This stems from development in surrounding regions, the illegal extraction of natural resources and the effects of climate change, including melting glaciers, floods, landslides and forest fires.

Bhutan's bold move to keep its Protected Areas intact comes with global benefits, as the country is currently "carbon negative." Its forests sequester over 6 million tonnes of carbon dioxide annually, four times more than Bhutan emits. In addition to its important global role as a carbon sink, this nation of rugged mountains some seven kilometres above sea level is the font of water for one-fifth of the world's population. Bhutan's Protected Areas also act as bastions against climate change for its estimated population of 745,000, with more than half living in rural areas working on small scale or subsistence agriculture. These areas provide ecosystem services, including regulating water flows and protecting against landslides and floods. This Least Developed Country, however, faces financial constraints, and that is where the Bhutan for Life project comes in.

PROJECT DESCRIPTION

GCF joined the World Wildlife Fund (WWF), the Royal Government of Bhutan and other partners to create the Bhutan for Life project, which was approved in 2017. At the heart of this conservation effort is an innovative financial structure to permanently protect Bhutan's network of Protected Areas. The funding is initially capitalized with a USD 43 million transition fund by donors, including GCF, combined with a contribution of USD 75 million by Bhutan's government over 14 years from 2018. A major focus of this multi-pronged project is to mitigate emissions by maintaining and increasing forest cover within the Protected Areas to keep Bhutan carbon negative.

During its project lifespan, Bhutan for Life is projected to increase forest carbon sequestration by 35.1 million tonnes of CO₂ equivalent emissions. As well as employing staff to protect these areas, the financing will be used to promote renewable energy generation using biogas and household solar to remove the need for local people to use firewood. The project's adaptation measures will focus on encouraging local communities to manage natural resources sustainably, including the protection of ten critical watersheds, restoring wildlife habitats to reduce climate impacts, and strengthening enforcement to prevent illegal logging. These measures will also help local farmers improve their ability to adapt and deal with the variability of freshwater supplies.

GCF'S UNIQUE AND INNOVATIVE ROLE

A key feature of this project in sustainability is the sustainable nature of its financing. While supporting the improved management of the country's Protected Areas, Bhutan for Life provides the time and resources for the national government to secure long-term revenues to maintain these improvements. The financing catalysed by GCF will be used while the country gradually increases its own financing and management resources, so that by year 14, Bhutan will be able to fully finance the sustainable management of the Protected Areas. The financial gap between the country's current Protected Areas budget and the cost of this comprehensive long-term conservation plan has been carefully assessed. This supports the government's commitment to an annual increase of its financial and human resources to become fully nationally funded at the completion of the project. Bhutan for Life is a shining example of GCF's suite of nature-based climate action solutions and is modelled on GCF's country-led approach whereby climate finance is aligned closely to national needs.

EXPECTED RESULTS AND IMPACTS

Bhutan for Life will increase climate mitigation through forestry and land use activities and support ecosystem-based adaptation to improve natural resource management and livelihoods while enhancing biodiversity. Specific results include:

- Six million tons of carbon dioxide sequestered in forests annually.
- Forest carbon sequestration expected to increase by 35.1 million tonnes of CO₂ equivalent emissions during the project lifespan.
- 35,000 people living within Protected Areas will directly benefit from adaptation measures.
- 110,000 more people living in adjacent buffer zones will indirectly benefit.
- Populations living downstream of the project area, both within Bhutan and in neighbouring countries, will benefit from the positive impacts of shoring up precious water supplies.
- Women empowered through new employment opportunities that will include a gender sensitive focus on the management of Bhutan's natural resources.
- Bhutan's ability to withstand climate change bolstered through an ecosystem-based approach that will also preserve natural wildlife habitats.

In addition to the above outcomes, Bhutan for Life will also serve as a model to guide and relay experiences to other countries on how to generate sustainable finances for protected areas with the ultimate goal of national self-reliance, while enhancing the country's image as a prime ecotourism location.

GREEN CLIMATE FUND PORTFOLIO



Forests and land use

- **Number of projects:** 26
- **Number of countries:** 42
- **GCF funding:** USD 528 million
- **Number of beneficiaries:** 35 million people
- **Emissions reduction:** 84 MtCO₂eq