



Guideline for Equipment Support to Nature-based Solutions (NbS) Entrepreneur 2025

Department of Employment and Entrepreneurship
Ministry of Industry, Commerce, and Employment

A. PRELIMINARY

Foreword

Entrepreneurship is increasingly recognized as a key driver of Bhutan’s economic diversification, innovation, and job creation. As we aspire toward a high-income and climate-resilient future, entrepreneurship must be nurtured not only as a business pursuit but also as a national development strategy aligned with the philosophy of Gross National Happiness.

However, while the potential of entrepreneurship is widely acknowledged, Bhutanese entrepreneurs continue to face significant barriers in accessing finance, technology, and markets. Their creativity and innovation are evident, but without an enabling ecosystem, growth remains constrained. Recognizing this, the Royal Government of Bhutan, in collaboration with Entrepreneurship Support Organizations (ESOs), private sector actors, and international development partners, has worked to create a more supportive environment through capacity-building, incubation, mentorship, and financing initiatives.

As this ecosystem evolves, embedding sustainability and climate resilience into entrepreneurship becomes imperative. The Enhancing the Climate Resilience of Urban Landscapes and Communities in the Thimphu–Paro region of Bhutan (ECRUL) Project—funded by the Global Environment Facility’s Least Developed Countries Fund and implemented by the Royal Government of Bhutan in partnership with United Nations Development Programme (UNDP) Bhutan—represents a significant step in this direction. By promoting Nature-based Solutions (NbS), the project empowers entrepreneurs to develop innovative, scalable solutions that strengthen urban resilience while creating green jobs and supporting inclusive growth.

This Guideline provides a transparent and accountable framework for extending targeted support to NbS-focused entrepreneurs. By facilitating access to critical equipment and technologies, it seeks to unlock new opportunities for local innovation, foster inclusive entrepreneurship, and contribute meaningfully to Bhutan’s broader climate and development goals.

I wish to acknowledge with gratitude the support of UNDP and the Global Environment Facility (GEF), and to thank the Department of Agricultural Marketing and Cooperatives (DAMC), Ministry of Agriculture and Livestock (MoAL), the ECRUL Project’s PMU, Department of Human Settlement (DHS), Ministry of Infrastructure and Transport (MoIT), the Department of Industry (DoI), and other key agencies for their valuable contributions to this guideline

Lastly, I want to encourage our entrepreneurs—especially youth, women, and vulnerable groups—to take full advantage of the opportunities it presents. Together, through innovation and collaboration, we can advance a greener, more resilient, and more prosperous Bhutan.

Tashi Delek!



(Kunzang Lhamu)

Director General

Abbreviations and Acronyms

CFO	Chief Finance Officer
CIO	Chief Industry Officer
CRA	Corporate Regulatory Authority
DHS	Department of Human Settlement
DoEE	Department of Employment and Entrepreneurship
DoI	Department of Industry
ECRUL	Enhancing the Climate Resilience of Urban Landscapes and Communities in the Thimphu–Paro region of Bhutan
EPD	Entrepreneurship Promotion Division
ESA	Equipment Support Agreement
ESMP	Environmental and Social Management Plan
ESO	Entrepreneurship Support Organization
FYP	Five-Year Plan
GEF	Global Environment Facility
GNH	Gross National Happiness
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
IUCN	International Union for Conservation of Nature
M&E	Monitoring and Evaluation
MoENR	Ministry of Energy and Natural Resources
MoF	Ministry of Finance
MoICE	Ministry of Industry, Commerce, and Employment
MoIT	Ministry of Infrastructure and Transport
MVP	Minimum Viable Product
NbS	Nature-based Solutions
NGO	Non-Governmental Organization
PMU	Project Management Unit
PSC	Project Steering Committee
PWD	People with Disabilities
RGoB	Royal Government of Bhutan
SDG	Sustainable Development Goals
SRBD	Sustainable and Resilient Building Division
TAT	Turnaround Time
TOR	Terms of Reference
UNDP	United Nations Development Programme

Glossary / Key Definitions

Entrepreneur: In Bhutan, an entrepreneur refers to an individual who initiates, organizes, and manages a business venture with the intention of creating economic and/or social value. This involves taking on financial and operational risks to generate income, employment, and community benefits.

Entrepreneurship in Bhutan¹ denotes the process through which individuals or small teams identify opportunities and mobilize resources, often limited in scale, to establish, operate, or expand business activities. This includes both opportunity-driven and necessity-driven initiatives, with an emphasis on income generation, self-employment, and support for local economies.

Nature-based Solution (NbS): Nature-based Solutions are actions to protect, sustainably manage, and restore natural and modified ecosystems in ways that address societal challenges effectively and adaptively, to provide both human well-being and biodiversity benefits (IUCN, 2016).

Startup: A Bhutanese startup is a registered business entity, typically in its early stages, not exceeding 10 years from the date of establishment, which is innovative², scalable, technology-based, or enabled, and has the potential for employment creation and economic development.

¹ The Bhutanese ecosystem is characterized by ventures that prioritize stability and livelihood security rather than rapid growth or scalability. Entrepreneurship thus plays a foundational role in national economic diversification, employment generation, and inclusive development.

² Product, Service, Process or Business Model Innovation

Table of Contents

1. Rationale/Background	7
2. Scope and Applicability	8
3. Eligibility and Qualification Criteria	9
3.1 Eligible Applicants	9
3.2 Qualification Requirements	9
4. Areas of Support and Equipment Types	10
4.1. Thematic Areas & Equipment Types	10
4.2. Procurement	11
4.3. Application Context	11
5. Cost Sharing & Disbursement	11
5.1 Cost-Sharing Structure	11
5.2. Payment Schedule	12
6. Application Process	12
7. Evaluation and Approval Process	13
7.1 Shortlisting	13
7.2 Technical Committee (TC)	14
7.3 Advisory Committee (AC)	14
7.4. Turnaround Time (TAT) and Announcement of Results	14
8. Grant Agreement and Implementation Process	15
8.1 Signing of Agreement	15
8.2 Implementation Oversight	15
8.3 Documentation and Reporting	16
8.4 Non-Compliance and Recovery	16
9. Force Majeure	16
10. Institutional Roles and Responsibilities	17
10.1 Department of Employment and Entrepreneurship (DoEE)	17
10.2 Technical Committee	17
10.3 Advisory Committee	18
11. Monitoring, Reporting, and Evaluation	18
11.1. Institutional Responsibilities for Monitoring	18

Guideline for Equipment Support to Nature-based Solutions (NbS) Entrepreneurs

11.2. Evaluation and Learning	18
12. Risk Management and Safeguards	18
12.1 Risk Categories	19
12.2 Safeguard Principles	19
12.3 Mitigation Measures	19
13. Grievance Redressal Mechanism (GRM)	20
14. Amendments, Review, and Sunset Clause	21
14.1 Amendments	21
14.2. Sunset Clause and Continuity	21
ANNEXURE I: APPLICATION FORM	22
EQUIPMENT SUPPORT AGREEMENT	35
ANNEXURE IV: Evaluation Criteria	39

B. STRATEGIC FRAMEWORK

1. Rationale/Background

Bhutan's development path, anchored in the philosophy of Gross National Happiness (GNH), emphasizes inclusive growth, environmental integrity, and community wellbeing. Within this holistic vision, entrepreneurship has emerged as a key driver of economic transformation and job creation. As the nation seeks to diversify its economy and build resilience, supporting entrepreneurs, especially those working at the intersection of innovation and sustainability, has become a national imperative.

However, Bhutan's entrepreneurial ecosystem remains in a formative stage. Startups and small businesses often face multiple barriers, including limited access to finance, technical resources, and affordable equipment. These challenges are even more acute for entrepreneurs working in climate-sensitive sectors such as urban resilience, ecosystem services, and Nature-based Solutions (NbS). Despite their potential to generate green jobs and address urban vulnerabilities, such enterprises often lack the means to commercialize or scale their innovations.

Nature-based Solutions offer a powerful approach to address pressing urban challenges such as flooding, heat stress, water scarcity, and ecosystem degradation. By leveraging the functions of natural systems, NbS can enhance the climate resilience of cities while delivering co-benefits for health, biodiversity, and local economies. Entrepreneurs have a pivotal role to play in developing, adapting, and delivering these solutions through innovative products, services, and technologies.

Recognizing the importance of equitable participation, this initiative mainstreams gender and social inclusion throughout its design and implementation. Special emphasis is placed on empowering women, youth, and vulnerable groups to actively engage in NbS entrepreneurship. By prioritizing their participation in capacity-building, access to equipment, and market opportunities, the programme seeks to reduce systemic barriers and ensure that the benefits of climate-resilient urban development are shared equitably. Such targeted support not only enhances livelihoods but also strengthens social cohesion and diversifies the innovation base of Bhutan's green economy.

Cognizant of this potential, Enhancing the Climate Resilience of Urban Landscapes and Communities in the Thimphu–Paro region of Bhutan (ECRUL), funded by the Global Environment Facility's Least Developed Countries Fund and implemented by the Royal Government of Bhutan in partnership with UNDP Bhutan, has embedded a dedicated mechanism to support NbS entrepreneurship. This includes providing targeted equipment support to help entrepreneurs acquire the equipment, machinery, and technologies needed to produce, operationalize, and upscale their solutions.

This guideline has been developed to guide the transparent and effective delivery of such support. It establishes a clear operational framework for selecting eligible entrepreneurs, determining appropriate cost-sharing modalities, and ensuring accountability throughout the support lifecycle. The initiative aims to catalyze innovation, enable scale, promote social inclusion, and contribute to the broader resilience objectives of the ECRUL project and the nation at large.

C. OPERATIONAL STRUCTURE

2. Scope and Applicability

- This guideline governs the provision of equipment support to entrepreneurs implementing Nature-based Solutions (NbS) that contribute to urban resilience, environmental sustainability, and community wellbeing in the Thimphu and Paro regions of Bhutan. During the first year of implementation, support will be limited to these two regions; based on demand and feasibility, the scope may be expanded to other regions from the second year onward.

The guideline applies to:

- Entrepreneurs and startups engaged in NbS-related initiatives, such as but not limited to green infrastructure, sustainable urban landscaping, ecological restoration, urban farming, nature-positive water and waste systems, or biodiversity-based urban solutions, etc.
- Solutions that address urban climate challenges while providing co-benefits for human wellbeing and biodiversity.

To be considered under this guideline, the equipment sought must:

- Be critical to the functionality or scale-up of the NbS initiative.
- Align with the principles of sustainability, social inclusion, and ecological integrity, consistent with the IUCN Global Standard for NbS.
- Demonstrate a clear link to climate adaptation, mitigation, or disaster risk reduction in urban or community settings.

This guideline shall be called “Guideline for Equipment Support to Nature-based Solutions (NbS) Entrepreneurs 2025” and will come into effect from August 2025

3. Eligibility and Qualification Criteria

3.1 Eligible Applicants

Applicants must fall under one of the following categories:

- Registered Startups or Enterprises: The business entity registered with the Department of Industry (DoI), Corporate Regulatory Authority (CRA), or relevant licensing authority(s).
- Entrepreneur(s): Founders or co-founders of early-stage NbS-focused initiatives recognized by the relevant competent authorities.
- Groups and Cooperatives: This includes community/youth/women/People with disabilities (PWD) groups and cooperatives recognized by the relevant competent authorities, which are NbS-focused initiatives.

3.2 Qualification Requirements

The applicants must meet the following criteria:

1. Geographic Focus: Operate or intend to implement the supported initiative within the Thimphu and/or Paro region.
2. NbS Alignment: Demonstrate that the core product, service, or business model applies Nature-based Solutions as defined by the IUCN Global Standard.
3. Stage of Development: The applicant must have a working prototype, pilot project, or minimum viable product (MVP), or be in the scale-up phase, where equipment support will significantly enhance implementation.
4. Operational Readiness: Possess basic operational capacity (team, facilities, licenses, or concern/authorization letter) and readiness to utilize the equipment effectively within 6 months
5. Impact Potential: Articulate how the equipment will contribute to environmental, social, and/or economic outcomes, such as:
 - Climate resilience or adaptation
 - Ecosystem restoration
 - Green job creation
 - Community wellbeing

- Community Engagement
 - Import substitution
6. Co-funding Ability: Submit a declaration form to the proponent's share of the cost, as required under the cost-sharing clause/agreement.
 7. Implementation and Sustainability Plan: The proponent needs to submit the implementation and sustainability plan for the proposed business venture beyond the project duration.

4. Areas of Support and Equipment Types

This section outlines the types of equipment and thematic areas eligible for support under this guideline, but not limited may qualify for support, provided they are integral to the delivery of an eligible NbS initiative.

4.1. Thematic Areas & Equipment Types

1. *Climate-Resilient Green Infrastructure Systems*
 - Urban forestry and canopy management equipment
 - Green roof and living wall installation systems
 - Nature-based construction tools (e.g., permeable paving, bioswale)
2. *Integrated Water Management Solutions*
 - Rainwater harvesting and storage systems
 - Constructed wetland and bioretention equipment
 - Flood control and drainage infrastructure
3. *Ecosystem Restoration and Biodiversity Enhancement*
 - Native species propagation and nursery equipment
 - Soil remediation and erosion control systems
4. *Renewable Energy and Resource Recovery*
 - Solar-powered irrigation and lighting systems for parks and pathways
 - Biogas generation from organic waste
 - Energy-efficient processing equipment
5. *Sustainable Materials and Circular Economy*
 - Natural building materials processing (bamboo, timber)
 - Wood/bamboo processing and manufacturing plant

- Technologies for converting waste into NbS construction materials
- 6. *Climate Monitoring and Smart Management*
 - Geotechnical and water sensors and data collection tools
 - IoT-enabled irrigation and maintenance systems
 - Climate adaptation monitoring equipment
- 7. *Community Engagement and Education Infrastructure*
 - Mobile demonstration units
 - Community workshop and training equipment
 - Citizen science and environmental monitoring tools

4.2. Procurement

- For the purpose of this guideline, “**equipment**” refers to any durable machinery, tools, instruments, or devices required to support and implement a Nature-based Solutions project or initiative with a minimum eligible cost of Nu—15,000 per unit.
- All procurement of equipment shall be executed by the Department of Employment and Entrepreneurship (DoEE) in consultation with the recipient as per the Government Procurement Rules and Regulations of Bhutan 2025.
- The Departmental Tender Committee shall be responsible for evaluating, endorsing, and monitoring procurement activities under this project.

4.3. Application Context

The supported equipment must be used within urban or peri-urban settings in Thimphu and Paro and must serve one or more of the following purposes:

- Improving the operation, scalability, quality, or efficiency of NbS interventions
- Enhancing the ecological performance or resilience of urban systems
- Supporting livelihood creation through NbS-linked value chains.

5. Cost Sharing & Disbursement

5.1 Cost-Sharing Structure

The equipment support shall be provided on a cost-sharing basis, and the maximum ceiling of the support shall not exceed Nu. 2,000,000 (Ngultrum Two Million) only. The support shall be provided in the following model;

- The DoEE (via the Project) shall cover 80% of the tendered cost of the equipment(s) or Nu. 2,000,000, whichever is less.
- The Proponent must provide a written undertaking/contract to contribute at least 20% of the final tendered equipment(s) cost.

5.2. Payment Schedule

- Upon completion of the tendering process and selection of the supplier, the DoEE shall determine the contribution amounts from the Government (80%) and the Recipient (20%) based on the total tendered cost of the equipment.
- The Recipient shall issue a demand draft equivalent to 20% of the total equipment cost in favor of the Supplier within 15 days. However, the demand draft issue in the name of the Supplier shall be retained by the DoEE for consolidation with the Government's share.
- Upon delivery of the equipment (s), the DoEE shall conduct a pre-disbursement compliance check to ensure all requirements under the Agreement are fulfilled before initiating any payments.
- The DoEE shall facilitate the disbursement of the Recipient's 20% contribution to the supplier within five (5) working days upon confirmation of receipt and acceptance of goods at the site.
- The DoEE shall then disburse the Government's 80% to the supplier in accordance with the terms and conditions of the contract and tender documents, after verification of delivery and compliance by the DoEE or its authorized representative.

6. Application Process

This guideline shall follow the following application process;

1. Call for Proposals

- Calls for proposals will be issued through the Ministry's website/print media/ Media Houses/and relevant social media channels.
- Each call will specify the timeline, evaluation window, ceiling of support, and any thematic or geographic priorities.

2. Submission Requirements

Applicants must submit the following:

- I. Completed Application Form (Annexure 1), including:**
 - Description of the enterprise and business model
 - Nature-based solution being developed or deployed
 - Equipment(s) specification with cost estimates
 - Expected environmental, economic, and social benefits
 - Deployment and operations plan
- II. Valid Business Registration or documentation of affiliation with the competent authorities.**
- III. Declaration form indicating the applicant's capacity to fulfill co-funding obligations**
- IV. Optional Supporting Materials such as product photos, prototype, pilot results, market linkages, letters of support, or technical drawings.**

3. Applications may be submitted

- In soft copy via the announcement application link shared by the DoEE.

7. Evaluation and Approval Process

The evaluation and selection process will be conducted through a two-tiered committee system to ensure technical merit, strategic alignment, and transparency, while preliminary selection for the evaluation shall be conducted by EPD, DoEE. The two committees are:

- 1. Technical Committee** – responsible for detailed technical assessment and scoring of applications.
- 2. Advisory Committee** – responsible for endorsement of final selections and strategic oversight

7.1 Shortlisting

The Entrepreneurship Promotion Division (EPD), DoEE, shall form a shortlisting team.

- **Initial Screening:** Conduct preliminary review of all proposals to ensure completeness and eligibility.
- **Document Verification:** Check submission of all required documents as per the existing guidelines.
- **Notification of Deficiencies:** Notify applicants of missing documents within three (3) working days; allow a maximum of three (3) additional working days to resubmit.
- **Exclusion of Non-NbS Proposals:** Disqualify proposals that do not meet NbS principles.
- **Forwarding for Evaluation:** Submit only complete and eligible proposals to the Technical Committee.

7.2 Technical Committee (TC)

The technical committee will comprise of following members;

1. Chief Program Officer, EPD, DoEE, MoICE -Chairperson
 2. Representative from PMU, ECRUL
 3. Representative from DoI, MoICE
 4. Representative from DoECC, MoENR
 5. Relevant technical expert
 6. Focal Officer, EPD, DoEE, MoICE (Member Secretary)
- All members should declare a conflict of interest before evaluation
 - At least $\frac{2}{3}$ of the technical committee members, including the chairperson, must constitute a quorum.

7.3 Advisory Committee (AC)

The advisory committee shall be comprised of the following members;

1. Director General, DoEE (Chairperson)
 2. Chief Finance Officer, MoICE
 3. Project Manager, PMU, ECRUL
 4. Chief Industries Officer, DoI, DoEE
 5. Focal Officer, EPD (Member Secretary)
- All members should declare a conflict of interest before evaluation
 - At least $\frac{2}{3}$ of the advisory committee members, including the chairperson, must constitute a quorum.

7.4. Turnaround Time (TAT) and Announcement of Results

- The application window will remain open for the duration of ten (10) working days from the date of the official call for proposals.
- Within 5 working days after the application deadline, the division will conduct an initial screening to verify the completeness and eligibility of submissions.
- The evaluation of proposals and business idea pitching for all eligible applications will be conducted within the next 7 working days.

- Site verification for shortlisted applicants will be conducted within seven working days following the technical evaluation if deemed necessary.
- The Advisory Committee (AC) will convene after receiving the Technical Committee's recommendations to review and approve the final selection.
- The selection result will be publicly announced on the Ministry's official website and relevant platforms. Additionally, successful applicants will be notified individually via email and/or official letter.
- An appeal mechanism may be made available for procedural complaints within 3 working days after the declaration of the result as per the existing Grievance Redressal Mechanism.

8. Grant Agreement and Implementation Process

Following the final selection and announcement of successful applicants, each recipient enterprise shall be required to enter into a formal Equipment Support Agreement (ESA) with the DoEE. This agreement shall serve as the legal and operational foundation for disbursing support and ensuring compliance with the objectives of the initiative.

8.1 Signing of Agreement

- The selected applicant must sign the Equipment Support Agreement (Annexure II) within 10 working days of notification.
- Failure to sign within the stipulated period will result in cancellation of the award and reallocation of funds to the next eligible proponent. However, if the delay is due to unforeseen circumstances that qualify as force majeure under this Guideline and Agreement, the Recipient may request an extension in writing, subject to the approval of the Department of Employment and Entrepreneurship (DoEE).
- The agreement shall clearly outline the roles, responsibilities, disbursement procedures, reporting requirements, and penalties for breach.

8.2 Implementation Oversight

- The Proponent shall be responsible for deploying and utilizing the equipment within 6 months of the receipt of the support.
- The DoEE shall conduct random or scheduled field monitoring to assess progress and adherence to terms.
- The Proponent must ensure visibility of the support through branding, signage, or acknowledgment in relevant platforms or outputs as per the guidance of the DoEE.

8.3 Documentation and Reporting

- All Proponents shall maintain clear records of equipment usage, financial transactions, and implementation updates.
- The Proponent shall submit a performance report to the DoEE annually for five years from the date of receipt of the equipment.

8.4 Non-Compliance and Recovery

- In case of non-compliance, misuse, or misrepresentation, the DoEE reserves the full right to:
 - Reclaim the equipment.
 - Restrict the entity from availing further support through the ECRUL Project.

9. Force Majeure

9.1. Force Majeure refers to any event or circumstance beyond the reasonable control of the affected party, which was not foreseeable and which prevents or substantially hinders the performance of obligations under this guideline or agreement.

9.2. Events constituting Force Majeure include, but are not limited to:

- Natural disasters (earthquakes, floods, landslides, storms);
- Fire or explosion;
- War, armed conflict, terrorism, or civil unrest;
- Epidemics, pandemics, or public health emergencies;
- Acts of government, changes in law, policy, or regulatory restrictions;
- Prolonged national infrastructure failure (power, telecommunications, transportation).

9.3. Force Majeure may justify reasonable adjustments to timelines, scope, or delivery obligations, without penalty to the affected party.

9.4. The affected party shall notify the other in writing within seven (7) days of becoming aware of the event, describing its nature, the obligations affected, and the estimated duration of delay

9.5. If the Force Majeure event continues for more than ninety (90) days, either party may request termination of the agreement or cancellation of the award without liability.

9.6. Force Majeure shall not apply to events caused by negligence, lack of planning, or foreseeable risks that could have been prevented through reasonable measures.

D. IMPLEMENTATION GOVERNANCE

10. Institutional Roles and Responsibilities

This section outlines the key responsibilities of the primary actors involved in managing, coordinating, and monitoring the support mechanism.

10.1 Department of Employment and Entrepreneurship (DoEE)

The DoEE shall be responsible for overall coordination, policy direction, and operational oversight. Key responsibilities include:

- Issuing calls for proposals and managing application processes
- Constituting and facilitating the Tech and Advisory Committees
- Drafting, signing, and enforcing Equipment Support Agreements
- Coordinating with procurement and finance units for disbursements
- Ensuring integration with national entrepreneurship and urban resilience strategies
- Leading monitoring, reporting, and communications related to the support

10.2 Technical Committee

The committee will:

- Review and score eligible applications based on agreed evaluation criteria
- Ensure technical integrity, impartiality, and alignment with guideline principles
- Shortlist and recommend high-potential proposals to the Advisory Committee

10.3 Advisory Committee

The committee shall:

- Review and validate the Technical Committee's recommendations
- Endorse the final list of selected beneficiaries
- Ensure alignment with project, policy, and budgetary frameworks
- Oversee the transparency and fairness of the overall selection process

11. Monitoring, Reporting, and Evaluation

11.1. Institutional Responsibilities for Monitoring

- The Entrepreneurship Promotion Division, DoEE, will lead the coordination and administration of the monitoring system.
- Monitoring shall be carried out in close collaboration with the Monitoring and Evaluation (M&E) team of the ECRUL Project Management Unit (PMU) to ensure technical quality, alignment with project indicators, and standardization of monitoring tools.
- Additionally, the DoEE and PMU shall jointly undertake or commission independent M&E exercises to assess impact, ensure impartiality, and validate results at least once in 6 months after the delivery of equipment (s).
- The monitoring reports will be presented to the Advisory Committee and PSC.

11.2. Evaluation and Learning

- The DoEE and PMU will jointly conduct routine monitoring and analysis to assess trends, bottlenecks, and emerging good practices.
- A mid-cycle learning review may be conducted to fine-tune implementation.
- A final evaluation will be conducted by the PMU to assess the impact, effectiveness, and sustainability of the equipment support in alignment with the project objectives and standards.
- Final Evaluation findings will be shared through reports, workshops, or publications for policy mainstreaming and evidence-based decision-making.

12. Risk Management and Safeguards

The equipment support initiative recognizes the importance of proactively identifying and managing potential risks and ensuring that all supported activities comply with relevant environmental and social safeguards. Risk mitigation and safeguard adherence are especially critical for Nature-based Solutions (NbS) given their interaction with ecosystems, communities, and public resources.

12.1 Risk Categories

The following categories of risk, but not limited to, shall be monitored throughout the implementation process:

1. Operational Risks
 - Delays in procurement or equipment deployment
 - Low technical readiness or underutilization of equipment
 - Insufficient after-sales service or support
2. Financial and Compliance Risks
 - Misuse of equipment or diversion from the intended purpose
 - Inadequate documentation or reporting
 - The recipient is not able to contribute his/her share of the contribution.
 - Conflict of interest or double-dipping with other support schemes
3. Environmental and Social Risks
 - Negative environmental impacts due to poor site selection or improper deployment
 - Community conflicts or land-use disputes
 - Lack of inclusion or disproportionate impacts on vulnerable groups
4. Reputational Risks
 - Miscommunication about government or donor support
 - Non-performance of supported ventures reflects poorly on the initiative

12.2 Safeguard Principles

All recipients must operate within the following safeguard framework:

- Ensure no net harm to ecosystems, biodiversity, or community access to resources;
- Prioritize inclusion, equity, and cultural sensitivity, particularly toward women, youth, and local communities;
- Maintain compliance with national environmental and occupational safety regulations;
- Mitigate potential nuisances or hazards in urban/peri-urban settings (e.g., noise, runoff, waste).
- Safeguard screening may be conducted during application review, site visits, and post-implementation M&E

12.3 Mitigation Measures

- All proposals will undergo a structured risk and safeguard screening using a checklist aligned with UNDP Social & Environmental Standards (SES) and the IUCN NbS Global Standard.
- Proposals with identified medium or high-risk elements shall undergo enhanced due diligence, including a review of the proponent's operational capacity and past compliance history.
- High-risk proposals shall be required to submit a concise Environmental and Social Management Plan (ESMP) detailing risk mitigation, monitoring, and reporting measures.
- Applicants shall be screened for financial capacity to ensure the ability to meet their cost-sharing commitments before approval.
- The DoEE, in close coordination with the Project Management Unit (PMU) and UNDP Country Office, shall conduct periodic field monitoring to verify equipment use, compliance with safeguards, and adherence to intended purposes.
- The monitoring framework shall integrate gender and social inclusion indicators to ensure women, youth, and vulnerable groups are benefiting equitably from the support.
- Recipients shall be required to maintain proper operational logs, photographs, and financial records to demonstrate correct use of equipment.
- Where risks materialize, remedial actions may include:
 - Provision of targeted technical assistance or capacity-building.
 - Issuance of written warnings with a compliance correction timeline.
 - Recovery of equipment in cases of persistent misuse, breach of contract, or safeguard violations.
 - All serious breaches shall be escalated to the Grievance Redress Committee (GRC) for review, and unresolved matters may be referred to the Project Board in accordance with the Grievance Redressal Mechanism (GRM).
- A clear communication plan will be maintained to avoid misinformation and ensure that communities understand the objectives, roles, and expected outcomes of the equipment support initiative.

13. Grievance Redressal Mechanism (GRM)

- Any formal grievances arising from or in relation to the equipment support initiative shall be addressed as per the existing GRM of the DoEE.

The GRM consists of two tiers with clear escalation procedures:

Tier 1 – Department Level

- Concerns should be submitted to the Departmental GRC through the GRM Focal ³Person.
- The complaint should be acknowledged within 3 working days, investigated within 15 working days, and a response provided within 20 working days.
- If the complainant is not satisfied or the issue remains unresolved at Tier 1, the grievance will be formally forwarded to the Department-Level GRC
- The GRC will independently reassess the complaint and coordinate a response in consultation with relevant parties.

Tier 2 – PMU or Relevant Competent Authorities

- In the event of further dissatisfaction, the matter shall be escalated to the Project Steering Committee (PSC) of ECRUL or the Relevant Competent Authorities
- The decision shall be final and binding, with a formal response communicated to the complainant.

E. SUSTAINABILITY AND REVISION

14. Amendments, Review, and Sunset Clause

This section defines how the guideline will be updated, adapted, and concluded in response to evolving policy, stakeholder feedback, and implementation experience.

14.1 Amendments

- The provisions of this guideline may be amended as and when deemed necessary by the DoEE
- Any amendment shall be made through an official Ministerial Notification, with updated versions published on the Ministry's website.
- Ongoing support activities shall continue under the terms of the version in force at the time of agreement, unless otherwise mutually agreed.

14.2. Sunset Clause and Continuity

- This guideline shall apply for the duration of the ECRUL Project and may be extended or adapted by the DoEE/Project as required.
- For recipients provided with equipment support, reporting, monitoring, and evaluation obligations shall remain in force beyond the project's conclusion, in accordance with the executed agreements or any applicable frameworks adopted by the DoEE.

³ GRM Focal will be the project focal of the Department

ANNEXURE I: APPLICATION FORM

APPLICATION FORM

Nature-based Solution (NbS) Equipment Support Application Form

SECTION A: APPLICANT INFORMATION

1. Name of Applicant(s):
2. CID No:
3. Date of Birth:
4. Gender:
5. Contact Information:
 - Phone:.....
 - Email:.....

SECTION B: DETAILS OF BUSINESS

1. Name of the Business:	
2. Name of the Promoter(s):	
3. Business Ownership (Sole/Partnership, cooperative, Community Group,s etc.):	
4. Promoter's Qualification	

5.Business status (new/existing Business):	
6.Date of Registration of Business (DD/MM/YY):	
7.License No. (if applicable):	
8.Business Location (Village/Gewog/Dzongkhag)	
9.Location of Implementation- Urban/Semi-Urban Area, Dzongkhag/Municipality (if yet to be implemented)	
10.Phone & Email	
11. Website/social media Page (If available)	

SECTION C: PROPOSAL SUMMARY

1. Brief Summary of the Business/Venture (Less than 900 words-tell us about your business or project plan- Add Page If Necessary)

SECTION D: EQUIPMENT(S) REQUEST (Add more rows if required)

<i>Equipment or Machinery to be used in Implementation of NbS Business/Initiative with required specifications</i>	Market Price per Item (from reliable sources)	Function of Proposed equipment/machinery (at least one or more)
1.		
2.		
3.		
4.		
5.		

SECTION E: PROJECT IMPACT & ALIGNMENT

1. Expected Environmental Impact (e.g., carbon reduction, biodiversity improvement, Disaster Risk Reduction, etc.):

2. Social Benefits (employment, inclusivity, community involvement):

3. Innovation Elements:

4. Implementation Plan/Operational Plan (Provide major activities and mark months and quarters in which you plan to carry them out. Add a new row if you need more)

Planned Activity	1st Month	2nd Month	3rd Month	Q2	Q3	Q4

5.Sustainability Plan

ANNEXURES II:

A. Undertaking Form/Letter (Duly Signed)

I, _____, CID No.: _____,
of (Business Name) _____, Business License No.:
_____, Address: _____, hereby

solemnly affirm and undertake as follows:

1. Commitment to Cost-Sharing

I understand and agree that as a selected beneficiary under the **GEF-UNDP ECRUL Project**, I am required to contribute **20% of the final tendered cost** of the approved equipment/machinery.

2. Source of Contribution

I confirm that I have the financial capacity to make this contribution, which will be paid **in cash or demand draft** in favor of the Project Manager, DoEE, within the stipulated timeframe from the date of notification or as specified in the agreement.

3. Understanding of Non-Compliance

I acknowledge that failure to make the payment within the specified period will result in **forfeiture of the award** and reallocation of the equipment support to another eligible proponent.

4. Accuracy of Declaration

I certify that the information provided herein is true and correct. I understand that any false declaration may result in my disqualification from current and future support schemes.

Proponent's Name: _____

Signature: _____

Date: _____

Contact No.: _____

Witness:

Name: _____

CID No.: _____

Signature: _____

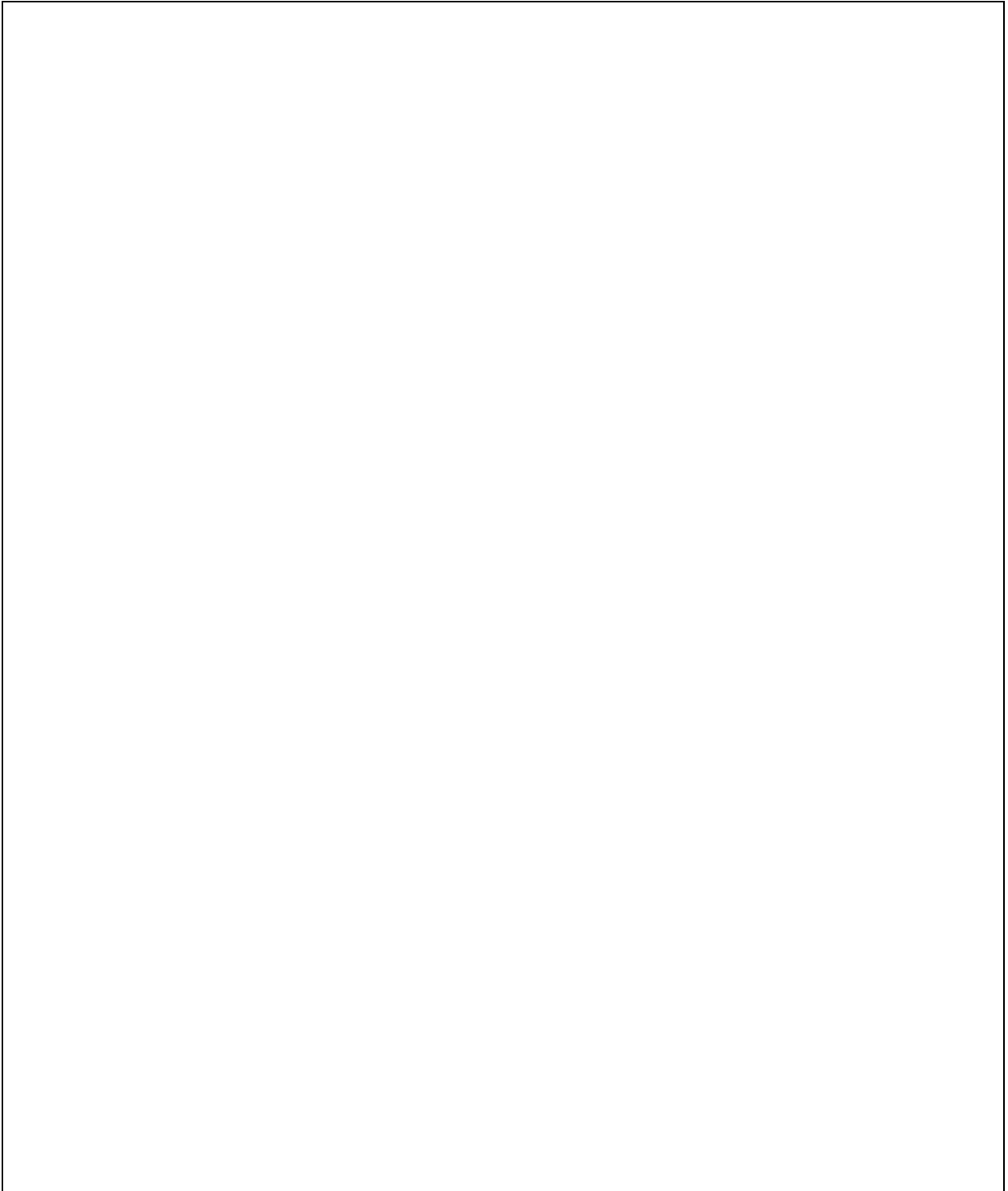
Date: _____

B. Attach your Citizenship Identity Card

A large, empty rectangular box with a thin black border, intended for the attachment of a Citizenship Identity Card. The box occupies the majority of the page area below the section header.

C. Copy of Business License (If applicable/available)

D. Photos of the Equipment(s)/machinery (Add Page If required)

A large, empty rectangular box with a thin black border, intended for pasting photographs of equipment or machinery. The box occupies the majority of the page area below the section header.

(Signature with legal stamp):

Name:

CID #:

Contact number:

Submission Date:

Document checklist (Please tick):

- 1. Equipment Support Application Form ☐
- 2. Undertaking Form ☐
- 3. Citizen Identity Card (CID) copy ☐
- 4. Equipment Photos (if available) ☐

DECLARATION

I hereby declare that no court of law has ever convicted me. I understand that if any testimonials, certificates, or information I have submitted are found to be false, misleading, or misrepresented, the Department of Employment and Entrepreneurship, Ministry of Industry, Commerce and Employment, will reject my application and disqualify my candidature at any stage of the selection process. I further acknowledge that I will be liable for termination even after selection or appointment, and may be subject to other legal actions as applicable.

I agree ☐

ANNEXURE III: EQUIPMENT SUPPORT AGREEMENT

EQUIPMENT SUPPORT AGREEMENT

This Equipment Support Agreement ("Agreement") is entered into on this ____ day of _____ month _____ Year by and between:

1. Implementing Agency:

[.....], having its principal office at
[.....], hereinafter referred to as the **“DoEE”**.

AND

2. Recipient Enterprise:

[.....], having its registered office at
[.....], legally represented by
[.....], bearing CID
No.....hereinafter referred to as the **“Recipient”**.

Collectively referred to as the **“Parties”**.

3. Purpose

This Agreement outlines the terms and conditions under which the DoEE shall provide partial financial support for the procurement of specific equipment to enhance Nature-based Solutions (NbS) in urban resilience, as approved under the ECRUL Equipment Support Guideline.

4. Description of Support

- Type of Equipment (Insert name and specifications)

.....
.....

- Total Equipment Cost: Nu.
- Government Contribution (80% but not exceeding Nu. 2 million): Nu.
- Recipient Contribution (minimum 20%): Nu.
- Supplier (Name & contact details)
- Delivery Schedule (Insert agreed date or range)

5. Terms of Disbursement

The DoEE and the recipient shall make the payment as follows:

5.1 The DoEE shall process 20% of the total cost of the equipment as an advance after signing of acceptance letter with the supplier.

5.2 The DoEE and Recipient shall process the remaining 80% (60% by DoEE and 20 % by Recipient) of the total cost of the equipment upon receiving the equipment(s). However, DoEE's contribution (60%) will be processed only after receiving the confirmation of payment of the recipient's contribution of 20% of the total cost.

5.3 All payments shall be made directly to the supplier upon submission of a valid invoice and delivery confirmation, and subject to the DoEE's verification process.

6. Recipient Obligations

The Recipient shall:

6.1 Use the equipment exclusively for the intended NbS purpose described in the approved application.

6.2 Maintain and operate the equipment in accordance with manufacturer guidelines and safety standards.

6.3 Submit periodic progress and performance reports, including photo documentation and utilization summaries, as requested.

6.4 Allow monitoring visits by the DoEE or its authorized representatives during the project period and render full cooperation without any restriction.

6.5 Acknowledge the DoEE's support in any public communication, publications, or promotion linked to the supported initiative as per the communication guidelines of the DoEE.

7. Ownership and Use

7.1 The equipment shall remain the property of the Recipient upon complete delivery and satisfactory inspection. However, the DoEE reserves the right to reclaim the equipment in case of non-use or any breach of this agreement.

7.2 The Recipient shall not sell, lease, transfer, pledge, or dispose of the equipment without the prior written approval of the DoEE.

8. Reporting and Audit

- 8.1. The Recipient shall submit at least one performance report annually, or as specified.
- 8.2. The DoEE reserves the right to conduct an audit or verification, either financial or physical, with prior notice.
- 8.3. All documentation must be retained by the Recipient and produced as and when required by the DoEE.

9. Termination of the Agreement

- 9.1 This Agreement may be terminated by the DoEE if the Recipient breaches any of the terms and conditions stipulated in this Agreement or the relevant guideline. However, before termination, the Recipient shall be given a written notice specifying the breach and a period of thirty (30) days to rectify the issue to the satisfaction of the DoEE.
- 9.2 If the Recipient fails to address the breach within the specified period, the DoEE may proceed with termination, effective upon written notification of such decision.
- 9.3 In case of termination, the DoEE reserves the right to reclaim the equipment fully and may also take further actions as deemed appropriate under the law.

10. Indemnification

- 10.1. The DoEE shall not be held liable for any injury, loss, or damage arising from the use or misuse of the supported equipment(s).
- 10.2. The Recipient shall be responsible for the safe and appropriate operation, maintenance, and use of the equipment, and is encouraged to follow manufacturer guidelines and safety standards.

11. Dispute Resolution

- 11.1. Any dispute arising under this Agreement shall first be attempted to be resolved amicably through written negotiations within thirty (30) days of notification of the dispute.
- 11.2. If such resolution is not achieved within the specified time, the parties agree to refer the matter to the Grievance Redress Mechanism (GRM) established by the DoEE/PMU and if unresolved, the matter shall be referred in accordance with the prevailing laws of the Kingdom of Bhutan

12. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Bhutan.

Signatures

Signed for and on behalf of the DoEE (affixed legal stamp):

Name:

Designation:

Date:

Signed for and on behalf of the Recipient (affixed legal stamp):

Name:.....

Designation:

Date:

Witness on half of the DoEE:

Name:

Designation:

Witness on half of the Recipient:

Name:

Designation:

ANNEXURE IV: Evaluation Criteria

Applications shall be evaluated using a comprehensive scoring framework that balances entrepreneurial potential with ecological, climate, and community outcomes. The criteria are informed by the IUCN Global Standard for Nature-based Solutions, the ECRUL Project objectives, and national development priorities.

Evaluation Criteria	Weight (%)	Elaboration
1. Environmental and Social Impact Potential	30%	Assesses how clearly the solution reflects IUCN’s core NbS principles, such as restoring or enhancing ecosystem services, delivering biodiversity co-benefits, and promoting ecosystem-based adaptation. Priority is given to solutions that integrate ecological functionality with urban systems to enhance its resilience (e.g., flood control via vegetation, green corridors, water-sensitive design).
2. Readiness and Operational Capacity	20%	Assesses whether the applicant is practically prepared to deploy and utilize the equipment within a defined timeframe. Includes availability of infrastructure, skills, technical personnel, and any required regulatory approvals.
3. Sustainability and Business Viability	20%	Evaluates the ability of the venture to maintain operations beyond the support period, including revenue model, market linkages, product/service demand, and post-equipment use plan. High priority is given to enterprises that can demonstrate long-term financial, environmental, and community relevance.
4. Innovation and Local Relevance	10%	Look at novelty, contextual appropriateness, and creativity of the solution. Includes use of local knowledge, traditional ecological practices, and low-cost or replicable approaches that reflect Bhutan’s urban or ecological context.

Evaluation Criteria	Weight (%)	Elaboration
5. Inclusivity, Equity & Gender Equality	10%	Rewards proposals that prioritize women's inclusion, youth involvement, and engagement of marginalized or vulnerable groups. Also considers how the solution ensures equitable access to benefits (e.g., shared green spaces, livelihood creation).
6. Clarity and Technical Quality of Proposal	10%	Assesses how clearly the proposal articulates objectives, implementation plans, cost justifications, and monitoring indicators. Includes completeness of required documentation and alignment between objectives, activities, and requested equipment.

Evaluator Name & Signature:

Date: