

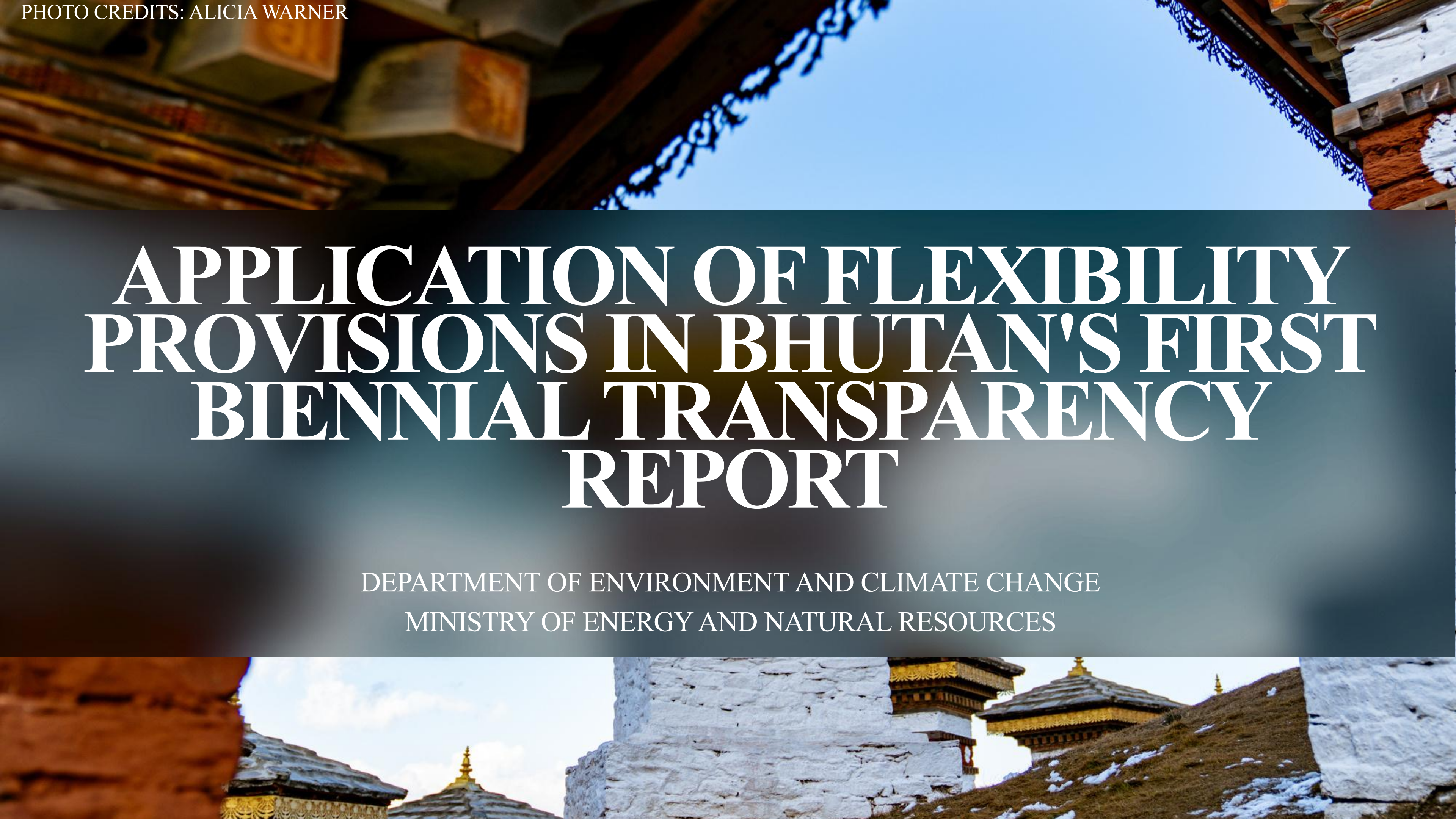
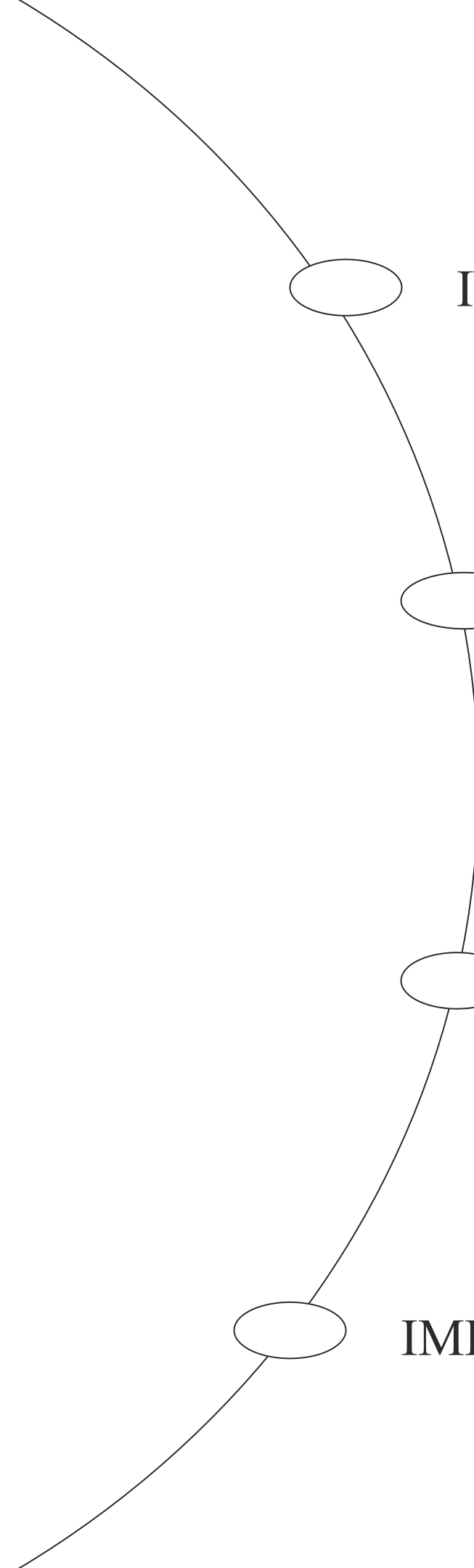


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APPLICATION OF FLEXIBILITY PROVISIONS IN BHUTAN'S FIRST BIENNIAL TRANSPARENCY REPORT

DEPARTMENT OF ENVIRONMENT AND CLIMATE CHANGE
MINISTRY OF ENERGY AND NATURAL RESOURCES

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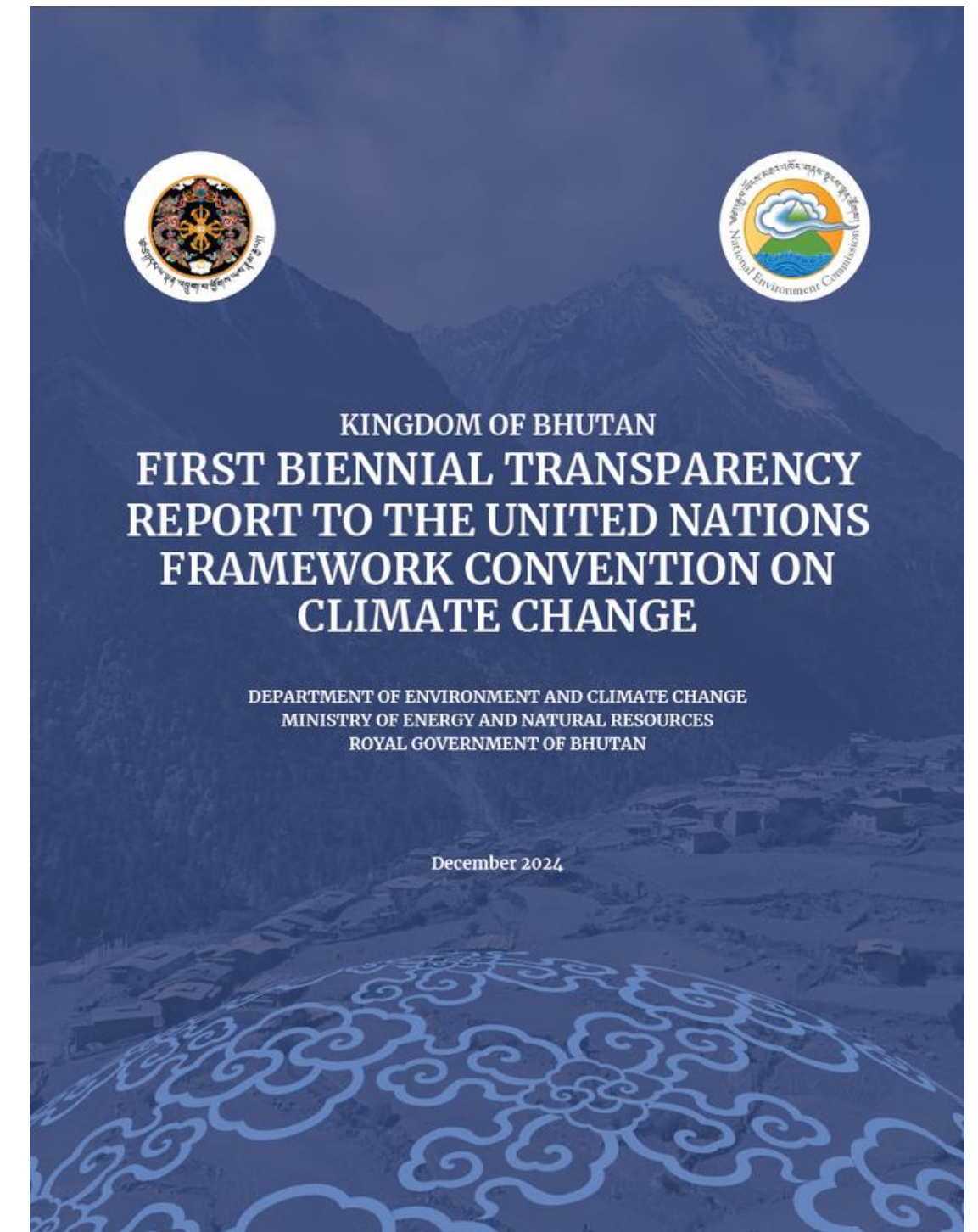
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IMPROVEMENTS TOWARDS FUTURE BTRS

INTRODUCTION TO BTR1

ETF and Transparency Baseline:

- Bhutan submitted its First Biennial Transparency Report in December 2024, within the UNFCCC deadline.
- Before that, Bhutan had submitted its first (and last) Biennial Update Report in 2022, and its Third National Communication in 2020.
- The Technical Expert Review (TER) of Bhutan's BTR1 was conducted in-country, from 6-10 October 2025.
- Bhutan completed the Facilitative Multilateral Consideration of Progress (FMCP) for BTR1 on 13 June 2026, during SB64.



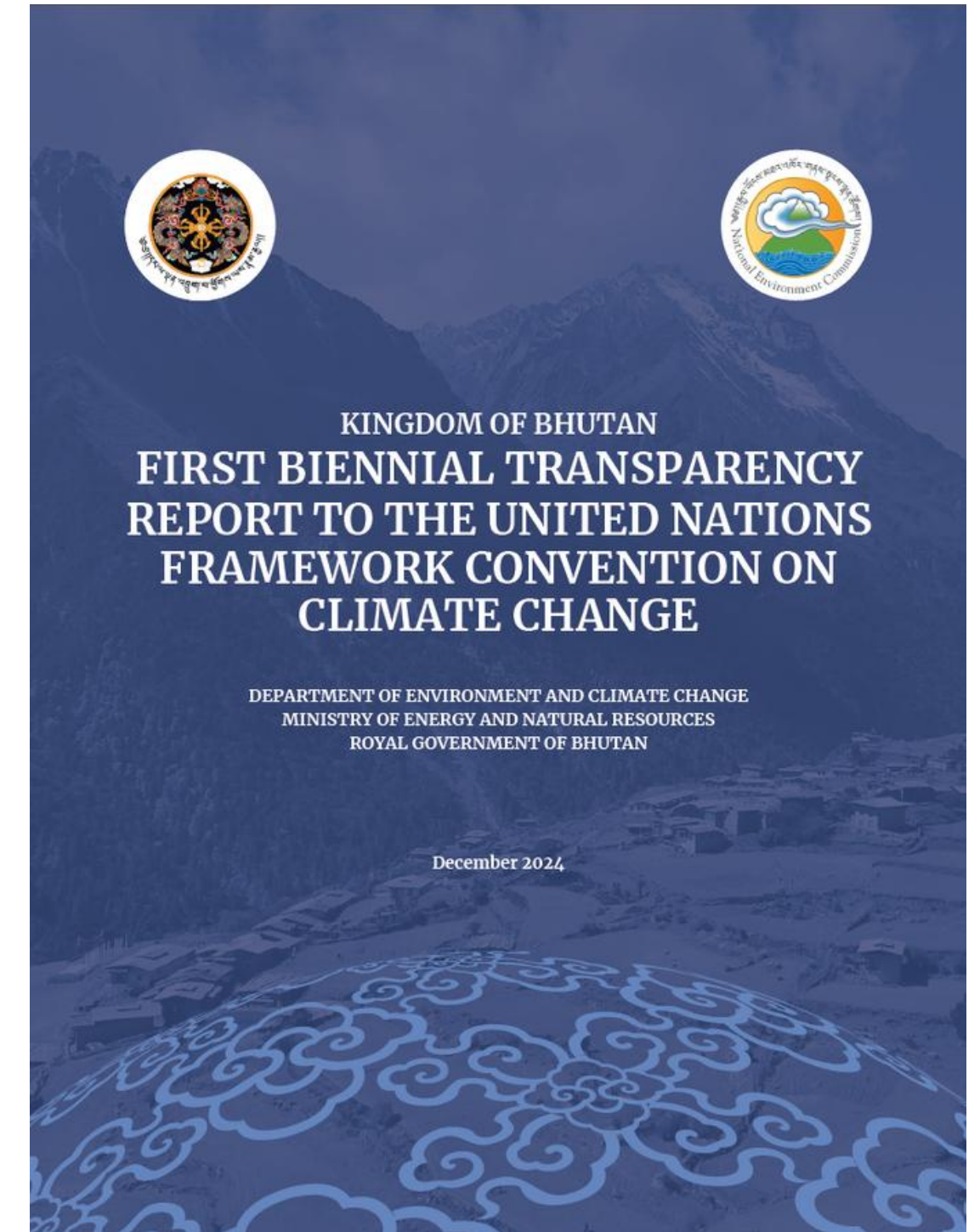
SUMMARY OF FLEXIBILITIES USED IN BTR1

Out of the 12 flexibility provisions available for the BTR, Bhutan has applied 11 of them.

Can you guess which flexibility provision was not used?

Flexibility provisions used:

- Para25: on key category analysis
- Para29: on uncertainty analysis
- Para32: on insignificant analysis
- Para.s 34 and 35: on QA/QC
- Para48: on 7 gases
- Para57: on time series
- Para85: on estimates of expected and achieved GHG emission reductions
- Para.s 92, 95, and 102: on projections, timeline, and methodology



FLEXIBILITY PROVISIONS USED (CONTD.)

Reference	Provision in the MPGs	Flexibility provision
Para 25 Key category analysis	Parties shall implement a key category analysis consistent with the IPCC guidelines (i.e. apply 95 per cent threshold)	Identify key categories using a threshold no lower than 85 per cent (instead of 95 per cent)
Para 29 Uncertainty assessment	Party shall quantitatively estimate and qualitatively discuss the uncertainty of the emission and removal estimates for all source and sink categories, including inventory totals, for at least the starting year and the latest reporting year of the inventory time series; and shall also estimate the trend uncertainty for these categories/inventory totals, for the entire time series	Provide, at a minimum, a qualitative discussion of uncertainty for key categories, using the IPCC guidelines, where quantitative input data are unavailable to quantitatively estimate uncertainties, and are encouraged to provide a quantitative estimate of uncertainty for all source and sink categories of the GHG inventory.
Para 32 Insignificance threshold	A category should only be considered insignificant if the likely level of emissions is below 0.05 % of the national total GHG emissions, excluding LULUCF, or 500 kt CO2 eq, whichever is lower. The total national aggregate of estimated emissions for all gases from categories considered insignificant shall remain below 0.1 per cent of the national total GHG emissions, excluding LULUCF.	Consider emissions to be insignificant if the likely level of emissions is below 0.1 per cent of total GHG emissions, excluding LULUCF, or 1,000 kt CO2 eq, whichever lower. Total emissions for all gases from categories considered insignificant shall remain below 0.2 %of the total GHG emissions, excluding LULUCF.
Para 34 QA/QC plan	Parties shall elaborate an inventory QA/QC plan in accordance with the IPCC guidelines, including information on the inventory agency responsible for implementing QA/QC.	Encouraged to elaborate an inventory QA/QC plan in accordance with the IPCC guidelines including information on the inventory agency responsible for implementing QA/QC.
Para 35 QC procedures	Parties shall implement and provide information on general inventory QC procedures in accordance with its QA/QC plan and IPCC guidelines.	Encouraged to implement and provide information on general inventory QC procedures in accordance with its QA/QC plan and the IPCC guidelines.

FLEXIBILITY PROVISIONS USED (CONTD.)

Reference	Provision in the MPGs	Flexibility provision
Para.48 Reporting F-gases	Parties shall report on 7 gases (CO2, CH4, N2O, HFCs, PFCs, SF6, NF3)	Report at least 3 gases (CO2, CH4, N2O) . Also, any of the 4 gases (HFCs, PFCs, SF6, and NF3) that are included in the NDC, are covered by an activity under Article 6, or have been previously reported.
Para 57 Annual time series	Parties shall report a consistent annual time series starting from 1990.	Report data covering, at a minimum, the reference year/period for its NDC and, in addition, a consistent annual time series from at least 2020 onward .
Para 85 Expected and achieved GHG emission reductions for PAMs	Each Party shall provide, to the extent possible, estimates of expected and achieved GHG emission reductions of its PAMs	Instead encouraged to report such information
Para 92 GHG emission and removals projections	Each Party shall report projections	Instead encouraged to report such projections
Para 95 Projections extension	Projections shall begin from the most recent year in the Party's national inventory report and extend at least 15 years beyond the next year ending in zero or five	May extend their projections at least to the end point of their NDC
Para 102 Projections methodology or coverage	See paragraphs 93 through 101 of the annex to decision 18/CMA.1	May report using a less detailed methodology or coverage

TECHNICAL EXPERT REVIEW

Summary

- 6-10 October 2025
- In-country; Thimphu, Bhutan
- 2 UNFCCC Secretariat officials, and 9 experts
 - 7 for review of BTR1
 - 2 for review of REDD+ Technical Annexure
- Over 25+ capacity building needs identified

In response to self-determined timelines to remove use of flexibilities:

Shorter term improvement

“not before 2030, contingent on adequate financial resources”

- para 29, 32, 34, 35, 57, 85, 92, 95, 102

Medium to longer term improvement

“not before 2035, contingent on adequate financial resources”

- para 48
- “between 2030-2050, contingent on adequate financial resources”
 - para 25

IMPROVEMENTS TOWARDS FUTURE BTRS

- The main constraint is financial and technical capacity, with the ever-present risk of attrition
- Capacity Building Initiative for Transparency (CBIT) project is ongoing – with a focus on building technical capacities for GHG inventory and on the development of the Bhutan Climate MRV System
 - Archiving activity data on GHG Inventory in Phase I
 - Climate finance tagging system (climate change projects) in Phase II
- CBIT II will focus on the lessons learned from CBIT I and BTRI+II+4NC, as well as from the NDC 3.0 development
- Also reaching out and collaborating with other organizations like ICAT and ICIMOD to enhance technical capacities on ETF reporting



Thank you