



Signature Page

PROJECT DOCUMENT

Upon request from the Government of the Kingdom of Bhutan, represented by the the Ministry of Finance, the Food and Agriculture Organization of the United Nations (FAO) will provide technical assistance for the following Project:

Project Title:	Productive and Sustainable Food Systems in Bhutan for Environmental Benefits and Gross National Happiness (FSP)
Project Symbol:	GCP/BHU/11223/GFF

Upon signature of this project document by duly authorized representatives of both parties, the project will be implemented in accordance with the provisions of the Exchange of Letters between the Government of the Kingdom of Bhutan, FAO and the Government of the Republic of India signed on 23 November 1983 and the Revised Standard Agreement on Technical Assistance between the Government of the Kingdom of Bhutan and a number of UN organizations, including FAO, signed on 21 February 1973 as well as the project description and management arrangements described herein.

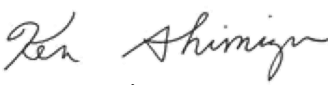
On behalf of:	On behalf of:
The Government of the Kingdom of Bhutan Ministry of Finance	The Food and Agriculture Organization of the United Nations
 Name: Leki Wangmo	 Name: Ken Shimizu
Title: Secretary	Title: FAO Representation for Bhutan and Nepal
Date: 15/09/25	Date: 02/09/2025

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ACRONYMS

ARDC	Agriculture Research and Development Center
asl	Above sea level
AWP/B	Annual work-plan and budget
BFDA	Bhutan Food and Drug Authority
BH	Budget Holder
BRECSA	Building Resilient Commercial Smallholder Agriculture
CARLEP	Commercial Agriculture and Resilient Livelihoods Enhancement Programme
CBO	Community-Based Organization
CEO	Chief Executing Officer (GEF)
CSO	Civil Society Organization
DAMC	Department of Agricultural Marketing and Cooperatives
DAO	<i>Dzongkhag</i> Agriculture Officer
DLO	<i>Dzongkhag</i> Livestock Officers
DoA	Department of Agriculture
DoL	Department of Livestock
EN	Endangered
ESMP	Environmental and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLO	Funding Liaison Officer
FPIC	Free Prior and Informed Consent
FPMIS	Field Program Management Information System
FSAPP	Food Security and Agriculture Productivity
FSIP	Food System Integrated Program (of the GEF)
FSIP-GCP	FSIP Global Coordination Project
FYP	Five Year Plan
GAFSAP	Global Agriculture and Food Security Programme
GAP	Gender Action Plan
GBV	Gender based violence

GCF	Green Climate Fund
GEB	Global environmental benefits
GEF	Global Environment Facility
GHG	Greenhouse gas
GNH	Gross National Happiness
GRC	Grievance Redress Committee
GTO	FAO GEF Technical Officer
ha	Hectare (10 000 square meters; 0.01 square kilometer)
HWC	Human Wildlife Conflict
IBA	Important Bird Area
IFAD/GAFSP	International Fund for Agricultural Development/ Global Agriculture and Food Security Program
ILM	Integrated landscape management
KMGBF	Kunming-Montreal Global Biodiversity Framework
LTO	Lead Technical Officer
M&E	Monitoring and Evaluation
METT	Monitoring and Evaluation Tracking Tool (for protected areas)
MoAL	Ministry of Agriculture and Livestock
MTR	Mid-term review
NEXT	The Nationally Determined Contribution Expert Tool
NBS	Nature-based solutions
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contribution (under UNFCCC)
NFSPs	National Food System Pathways
NGO	Non-governmental organization
NSB	National Statistics Bureau
NSSC	National Soil Services Centre
OED	Office of Evaluation Division (FAO)
OIG	Office of the Inspector General FAO
OP	Operational Partner
OPA	Operational Partnership Agreement

OPIM	Operational Partnership Implementation Modality
PA	Protected and Conserved Area
PIR	Project Implementation Review
PMC	Project Management Costs
PMU	Project Management Unit
PPAs	Programme Priority Areas
PPG	Project Preparation Grant
PPP	Public Private Partnerships
PPR	Project Progress Report
PSC	Project Steering Committee
RGoB	Royal Government of Bhutan
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
STI	Science, technology, and information
tCO ₂ eq	Metric tons of carbon dioxide equivalent
TE	Terminal Evaluation
Tock	Theory of Change
ToR	Terms of reference
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollars
VU	Vulnerable

Glossary of Bhutanese Terms

Brokpa	Semi nomadic ethnic group of yak herders
Chiwogs	A cluster of villages within a Gewog
Dzongdag	District Administrator/Governor
Dzongkhag	District
Gewog	Sub district - Lowest political and administrative unit comprising a group of Chiwogs
Gup	Head of a Gewog
Mangmi	Deputy Gup - an elected representative of the Gewog

Tsamdrog	Grazing pasture
Tengma	Roasted and flattened maize
Kharang	Maize grits
Ara	Distilled alcoholic drink

GENERAL PROJECT INFORMATION

Project Title:	Productive and Sustainable Food Systems in Bhutan for Environmental Benefits and Gross National Happiness (FSP)		
Parent Program (if IP):	Food Systems		
Region:	Asia Pacific	GEF Project ID:	11223
Country(is):	Bhutan	Type of Project	Full-sized project
Lead Agency:	FAO		
Lead Agency Project ID (FAO entity number):	739922	FAO Project Symbol:	GCP/BHU/11223/GFF
Other GEF Agency(is):		Other GEF Agency(is) ID:	
Project Executing Entity(s) and Type:	Ministry of Agriculture and Livestock (MoAL) - Government		
GEF Focal Area(s):	Multi-focal areas	Type of Trust Fund:	GEF Trust Fund
Implementation start (Expected EOD):	1 August 2025	Implementation end (Expected NTE)	30 July 2030
Project duration:	60 months		
Project Budget:	USD 9 585 933	Co-financing:	USD 49 662 083
Total Project Budget (including co-financing)	USD 59 248 016		
Project Tags:	☐ CBIT ☐ NGI ☐ SGP ☐ Innovation		
Project Sector (CCM only)			
Rio Markers			
- Climate Change Mitigation	☒ No Contribution (0) ☐ Significant Objective (1) ☐ Principal Objective (2)		
- Climate Change Adaptation	☐ No Contribution (0) ☒ Significant Objective (1) ☐ Principal Objective (2)		
- Biodiversity	☐ No Contribution (0) ☐ Significant Objective (1) ☒ Principal Objective (2)		
- Land Degradation	☐ No Contribution (0) ☒ Significant Objective (1) ☐ Principal Objective (2)		

Environmental and Social Risk Classification:	low risk ☐ moderate risk ☒ high risk ☐
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Gender Marker	GM 0 ☐ GM 1 ☒ GM 2 ☐
Contribution to FAOs Strategic Framework: (Indicate as appropriate)	Programme Priority Area(s) (PPA/s): BE3 - Biodiversity and ecosystem services for food and agriculture: BE1: Climate change mitigating & adapted agrifood systems BE3: Biodiversity & ecosystem services for food & agriculture BL1: Gender equality and rural women's empowerment BL2: Inclusive rural transformation BL4: Resilient agrifood systems BL5: Hand-in-Hand Initiative BN5: Transparent markets & trade BP1: Better production BP5: Digital agriculture SDG target(s): SDGs 1, 5, 13, and 15 Main SDG: SDG 1 (End Poverty) Other significant SDGs (up to 9) and, where appropriate, targets: SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 13 (Climate Action) and SDG 15 (Life on Land). Country Programming Framework, 2024-2028 Output(s): Output 1.1: Productivity of livestock and crops for high-value agrifood value chains enhanced Output 1.2: Innovative and inclusive policies, technologies and investment platforms for gender-responsive and youth-friendly value-chains developed Output 1.3: Regional and international market standards, branding and certification and accreditation for agriculture and livestock commodities enhanced Output 2.3: Gender-responsive, inclusive technologies and practices promoted Output 4.2: Digitalization and technology-driven approaches for service delivery, economic diversification, e-governance and learning enabled Regional Initiative/Priority Area: Hand-in-Hand Initiative Digital Village Initiatives (DVI) One Country One priority product (OCOP)

Project Summary

The Bhutan FSIP project addresses key priorities of the Royal Government of Bhutan (RGoB) 13th Five Year Plan (FYP), which aims to enhance Bhutan's productivity and diversify its environmentally sustainable agrifood products and markets. These priorities align with the FSIP pathways, specifically regarding (1) policy, planning, institutional and collaboration frameworks; (2) farm, landscape and value chain management; and (3) knowledge management.

However, achieving food systems transformation in Bhutan, particularly in the project target areas of eastern Bhutan, is constrained by challenges such as: (i) insufficient inter-sectoral coordination and enabling mechanisms; (ii) low economies of scale and lack of value chain infrastructure and markets; and (iii) limited access to modern technologies and knowledge. GEF support will be critical, as the Royal Government of Bhutan lacks sufficient financial resources to fully address these barriers alone.

Beyond enhancing production efficiency, GEF support will strengthen the long-term environmental sustainability and resilience of food systems in eastern Bhutan, helping to reduce the agricultural sector's overall ecological footprint. In particular, the delivery of biodiversity and land degradation GEBs will be achieved through the conservation and sustainable use of globally significant biodiversity, restoration, enhanced provision of agro-ecosystem and rangeland ecosystem goods and services, and by avoiding greenhouse gas emissions. In close alignment with the GCP and drawing on experience from other FSIP participating countries, the project will tackle unsustainability in livestock and key crops by enhancing policies, institutions, incentives, and value chains.

Project Description Overview

Project Objective: To improve the enabling environment and ensure the long-term environmental sustainability of food systems and the delivery of the global environmental benefits (GEBs)						
Project Components	Component Type	Project Outcomes	Project Outputs	Trust Fund	GEF Project Financing (USD)	Co-financing (USD)
Component 1: Supportive enabling conditions for sustainable and healthy food systems	TA	1.1: Improved inter-sectoral collaboration mechanisms to support sustainable and healthy agrifood system transformation pathways	1.1.1: Policies, plans, regulations, and investment guidance harmonized to promote sustainable food systems	GEF TF	338,500	3,850,412
		Indicators: - Inter-sectoral coordination forum for food system transformation established at national level (Target: Functional National inter-sectoral collaboration forum) - Number of environmentally sustainable agrifood products certified to international standards for export (Target: Three agrifood products certified to specified standards for export)	1.1.2 Standards and certification developed to meet export market requirements for sustainable agricultural products	GEF TF	1,113,385	
Component 2: Transformation of food systems at farm, landscape and value chain levels	INV	2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM) Indicators: Area under improved practices (Ha) (Target: 1,130,746 ha)	2.1.1 Enhanced support for sustainable production of food and integrated management of farming systems within a framework of ILM	GEF TF	3,408,338	41,772,145

		- Area of land and ecosystems under restoration (Target 33,824 ha) - Metric tons of CO2e mitigated (Target: 1,014,297 tonnes)				
	INV	2.2: Agrifood system value chains and infrastructure favor sustainable and resilient supply chains Indicators: - Number of women and men trained (Target: 1,610) - No. of climate-resilient and sustainable value chain enterprises established (Target: 7)	2.2.1: Public-private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive	GEF TF	251,115	
			2.2.2: Agrifood value chain enterprises promote environmentally sustainable, resilient and gender responsive agricultural and livestock products	GEF TF	2,236,904	
Component 3: Adaptive management and knowledge	TA	3.1: Evidence- and results-based adaptive management Indicators: Food system dashboard operationalized and accessible (Targets: Food system dashboard operationalized and accessible)	3.1.1: Monitoring mechanism with sustainability dimensions optimize effective, efficient and results-based adaptive management of agrifood system transformation.	GEF TF	474,400	1,829,996

		3.2: Improved access to knowledge and technical expertise Indicators: No. of knowledge products developed and available on website of MoAL (Target: 15)	3.2.1: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation and behavior change	GEF TF	1,027,691	
Monitoring and Evaluation (M&E)		Project monitoring and assessment of global environmental benefits (GEBs)	Project progress and results, including gender-differentiated project impacts, are monitored, evaluated, and disseminated for transparency, organizational learning and adaptive management	GEF TF	279,200	0
Subtotal					9,057,533	47,452,553
Project Management Cost (PMC)				Select	456,400	2,209,530
Total Project Cost					9,585,933	49,662,083

PROJECT OUTLINE

A. Project Rationale

The project's geographic focus targets 23 *gewogs* (sub-districts) located in the six *dzongkhags* (districts) of eastern Bhutan on the southern slopes of the Himalaya (Figure 1a and 1b). The landscape comprises mountains dissected by deep valleys with fast flowing rivers that drain into the Indian plains with elevations ranging from 200 masl to over 6 000 masl. The entire country is also situated within the Eastern Himalayan Biodiversity Hotspot (also shared with parts of the eastern Himalayan region shared with India and Nepal) one of the most unique areas for endemic biodiversity among the world's biodiversity hotspots.

The project landscape is also home to exceptional biodiversity, with protected areas and biological corridors playing a vital role in conservation efforts. It houses key Protected areas including the Sakteng Wildlife Sanctuary (SWS), Jomotsangkha Wildlife Sanctuary (JWS), Bumdeling Wildlife Sanctuary (BWS) and the Phrumsengla National Park (PNB). In particular, project activities will be consistent with the SWS's Conservation Management Plan, and therefore assist in enabling the expected biodiversity outcomes within this Plan.

The target area hosts globally important species recognized on the IUCN Red List of Endangered Species. This includes several endangered mammals including Snow Leopard (*Panthera uncia*), Tiger (*Panthera tigris*), dhole [Asiatic wild dog] (*Cuon alpinus*), Red Panda (*Ailurus fulgens*) and Himalayan musk deer (*Moschus leucogaster*), at least 74 bird species, including Black-necked Cranes (*Grus nigricollis*) Vulnerable [VU], that migrate from the Tibetan plateau each year, and the endangered Himalayan Yew (*Taxus wallichiana*).

Local crops and livestock are considered by farmers to possess tremendous genetic diversity and to be well adapted to the specific biophysical conditions of the locations where they are grown/raised. It is estimated that there are about 47 landraces of maize, and 30 of Barley in the country¹. However, across the country, native and resilient crops such as buckwheat and barley are becoming less popular.

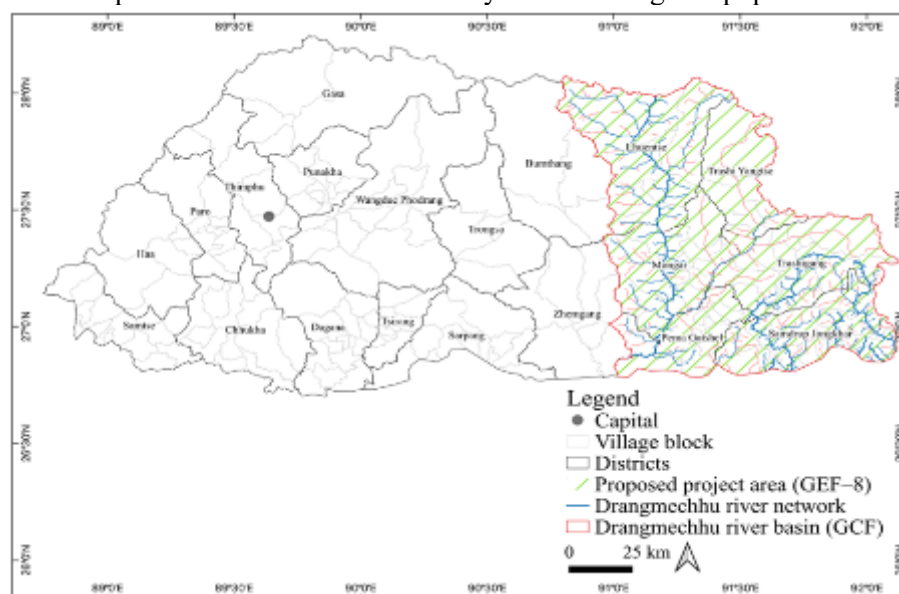
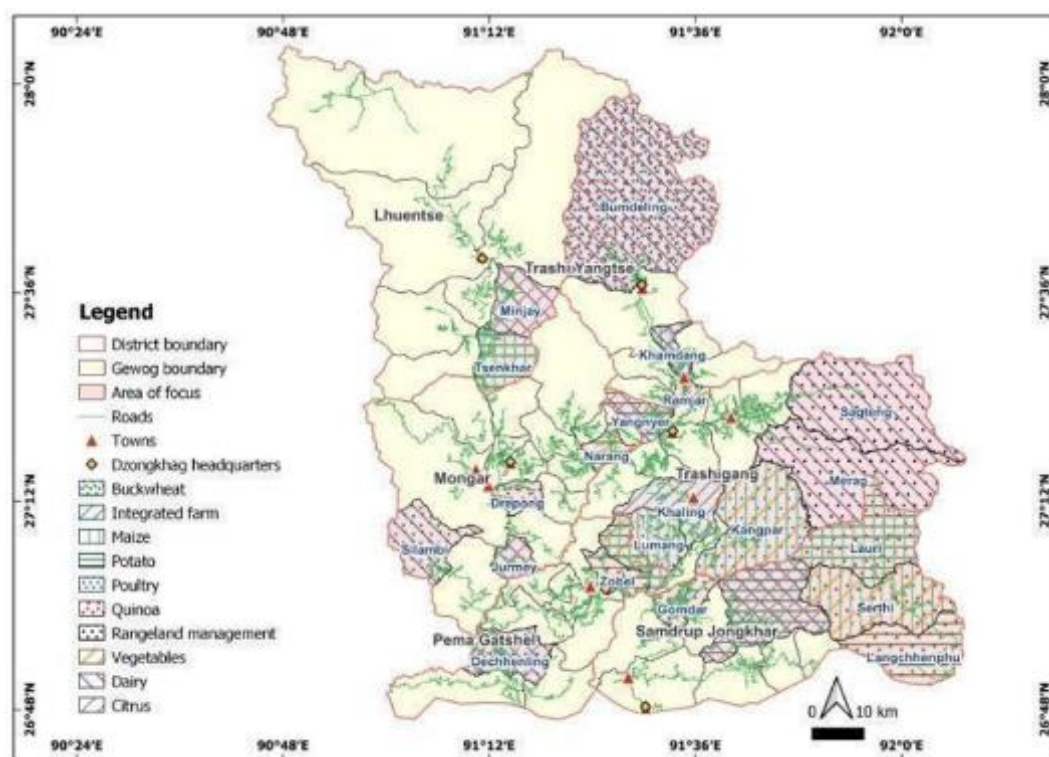


Figure 1a: Location of Targeted Dzongkhag

¹ Katwal, Tirtha Bdr., Singay Dorji, Rinchen Dorji, Lhab Tshering, Mahesh Ghimiray, Ganesh B. Chhetri, Tashi Yangzome Dorji and Asta Maya Tamang (2015) Community Perspectives on the On-Farm Diversity of Six Major Cereals and Climate Change in Bhutan. *Agriculture* 2015, 5, 2-16; doi:10.3390/agriculture5010002



The total area of the six *dzongkhags* is 1 135.511.7 ha, and the 23 targeted *gewogs* contain 23 514 ha of agricultural land, of which 15,284 ha is being actively used, with the remainder either fallow or abandoned. The six *dzongkhags* have a combined population of 170 304 (37 392 households), spread across 70 *gewogs*, with slightly more females (86 274) than males (84 031) except for Mongar *Dzongkhag*. An estimated 35 percent of households are headed by females.

Elevations of the project area range from 200 masl in Samdrup Jongkhar and Pema Gatsel to 6 300 masl. Towards the southern border of the country, there are narrow belts of flatland, including in Lhuentse with moderate to steep slopes. In the lower altitude in eastern Bhutan, agriculture and livestock production systems are supported by rugged terrain, climatic conditions, and traditional farming practices over shallow soils, which make it highly vulnerable to land degradation and climate change impacts, especially due to shifting rainfall patterns. Key challenges include erratic monsoons affecting crop cycles, droughts leading to water shortages, erosion and soil degradation. Rising temperatures contribute to pest outbreaks and livestock diseases.

The two gewogs (Merak and Sakteng) in Trashigang within the SWS have a high number of households that are directly dependent on highland cattle (Yaks) for their livelihood. The availability of adequate pasture/native rangeland

d is critical for livestock and also represents essential habitat for wildlife. Overgrazing from intensive stocking of cattle, yaks, and horses is impacting the quality and extent of native pastures and rangelands. The grazing areas are also impacted by overtaking of pasture by undesirable vegetation such as conifers and other competing under-storey shrubs. Further, the practice of cattle migration has caused issues in winter fodder availability in temperate and subtropical areas due to overgrazing of grasslands from large livestock herds, particularly cattle and yaks in Merak and Sakteng. Inconsistent rainfall patterns and climate

change reduces the success of natural pasture regeneration, aggravated by overgrazing-induced land degradation.

To overcome the shortage of forage for livestock in Merak and Sakteng and to restore the degraded grazing areas and reverse the current trend of depleting pastures and to enable enrichment of wildlife habitat, there is a need to protect and restore these rangelands through community-led stocking management practices, periodic closures to allow natural regeneration, and improved information on pasture quality and extent. To enable winter fodder availability in the temperate and subtropical areas, there is a need to enhance forage production practices and feed supplementation.

Systemic challenges within the target landscape include: (i) **economic challenges** (poverty, lack of opportunities for decent rural employment and poor access to markets and finances); (ii) **socio-political challenges** (demographic change leading to rural out migration, small and scattered land holdings, low mechanization, and geographical dispersion and fragmentation of farms limit farmer's access to inputs and services, gender-based inequality, and vulnerability to natural hazards); and (iii) **climate change**, along with the closely associated impacts related to land and soil degradation and the loss of biodiversity. These challenges generate direct drivers of land use change, notably an expansion of the area of fallow lands, increased human-wildlife conflict (HWC) and unsustainable livestock management practices within the target area rangelands.

Food systems in Bhutan have not kept pace with the increasing demand of a growing population, and as a consequence, increased importation of food has become an impediment to Bhutan achieving food self-sufficiency, making the economy highly vulnerable to supply chain shocks.

Agriculture in Bhutan is beset with inherent structural and systemic challenges related to small and scattered land holdings, low potential for mechanization, vulnerability to climate change impacts, and migration of the working population from rural to urban areas, resulting in farm labour scarcity. Less than 20 percent of arable land is irrigated. Persistent crop and livestock loss to wildlife is an ongoing challenge to many smallholder farmers, as well as pests and diseases, leading to land fallowing and abandonment of farms. Post-harvest losses remain high, agri-processing infrastructure is underdeveloped, markets and standards remain weak and private sector participation in farming is low. In addition, the remoteness and accessibility challenges of eastern Bhutan make the transport and communication system weak and costly marketing and large-scale commercialization in agriculture are therefore hampered, aggravating national food insecurity.

Environmental and climate change challenges represent both direct and indirect causes of ecosystem degradation and a key factor affecting socio-economic conditions.

Climate hazards (heavy rainfall events and warm spells) are likely to intensify and gain in frequency under a high-emission scenario. As a consequence, marginal and poorer agricultural communities are expected to be adversely exposed and affected by increasing extreme weather events and related hazards (floods and landslides).

High-intensity rainfall events enhance flooding of rivers and streams, thus causing erosion and soil degradation. In addition, erratic rainfall patterns are already impacting agricultural production as farmers are reporting unstable crop yields, loss in production, and a reduction in the amount of water available for irrigation. Crops are increasingly susceptible to landslides and soil erosion and ongoing pasture and rangeland degradation results in lowering livestock productivity. The same dynamics negatively impact wildlife and biodiversity. The increasing degradation of natural rangelands and declining ecosystem services negatively impacts outcomes for crops, livestock, and wildlife, and contributes to increasing human wildlife conflict (HWC).

The rugged terrain and traditional farming practices over shallow soils in steep slopes make it highly vulnerable to climate change, erosion and soil degradation. Overtaking of pasture by undesirable vegetation such as conifers and other competing under-storey shrubs has degraded grazing areas, impacting both livestock and wildlife. Significant investments in climate-smart agriculture, land management, and restoration at landscape scale are required to reverse these trends and improve outcomes for both farmers and herders, as well as biodiversity.

Stakeholders that are important for achieving food systems transformation in eastern Bhutan include:

- **Farmers** – There are a few commercial-scale farms in Bhutan, and most farming is small-scale involving a mix of crops and livestock. Farmers in the low and mid altitudes focus primarily on producing a mix of market-oriented products and food for their own household consumption. In the higher altitudes where opportunities for crop production are more limited, farmers tend to rely on herding livestock, and they operate more on a semi-subsistence basis than lower-altitude farmers. Farmers and herders play a critical role in food systems transformation as they directly manage crops and livestock and they depend on a range of ecosystem services to maintain productivity, including provisioning and regulating services. Their decisions on crop and livestock management, their use of water, rangelands and forests, and their responses to human wildlife conflict (HWC) have a direct impact on efforts to restore rangeland health, reduce land degradation, and improve outcomes for biodiversity. The project will work to ensure that these decisions are nature-positive, improving livelihoods as well as delivering global environmental benefits (GEBs), particularly through their effect on biodiversity and land degradation.
- **Private sector actors that enable value chains** – This group includes a wide range of largely small-medium enterprises (SMEs), including suppliers, aggregators, transporters, and processors that either operate individually or within commodity-based groups and cooperatives. This diverse group is important to the achievement of GEBs as they provide crucial linkages in value chains that are biodiversity friendly and climate resilient, such as for youth-led integrated and resilient farms (Eco-innovate farms), enhancing planting materials through replacement of potato seeds with improved certified varieties working with seed grower, enabling distribution and logistics with farmer groups, youth groups and cooperatives; private sector engagement in Yak dairy product processing enterprise, enabling integrated aggregation centers, supply of fodder inputs (fodder maize, napier and cassava) and material support for mass production of feed raw materials and establishment of milk collection centres as well as in branding, packaging and designing of products that will be developed with project support. The project will also develop Requests for Proposals for investments into integrated agri-food enterprises, specifically designed under a Public-Private Partnership (PPP) model. These RFPs will be developed drawing on lessons learned from pilot interventions under Output 2.2.2. The RFPs will target integrated food system value chain-based enterprises across key commodities identified in the project. This includes supporting investments in areas like improved processing, packaging, labeling, branding, aggregation centers, cold chains, and product development to reduce post-harvest losses and enhance market access. The development of these RFPs will be directly informed by the practical insights gained from documenting private sector engagement modalities. Proposals will be evaluated based on their potential to significantly reduce environmental footprints and post-harvest losses. Emphasis will also be placed on alignment with the project's broader objectives, including enhancing outcomes for biodiversity, climate change, and land degradation, as well as improving livelihoods, nutrition, and food security, and building resilience. These activities are intended to encourage private sector investments in the agrifood sector, which aligns with component 2 of the FSIP. Please refer to Annex P Private Sector engagement scope and opportunities under GEF FSP for more detail.

- **The National Government** – Several government ministries, including the Ministry of Finance (MoF) and the Ministry of Agriculture and Livestock (MoAL) and its various departments, provide budget, policy direction and technical support for agrifood system transformation. The MoAL has the national mandate for food systems transformation and food security. Key policy directives include the National Food System Pathways (NFSPs) and the 13th Five-Year Plan (FYP), which are described in Section C. National-level agencies also provide food standards and certification requirements that are essential to tapping into international markets for environmentally sustainable products.
- **Dzongkhag administrations** - including *Dzongkhag* Agriculture Officers (DAOs), *Dzongkhag* Livestock Officers (DLOs), and *Dzongkhag* planning, gender and environment officers. The *Dzongkhag* administrations provide crucial linkages between national policy and ministries and local levels. They oversee planning and budget systems necessary for food system transformation and the sectoral officers provide technical extension services to *gewog*, *gup* and farmer levels.
- **Gewog and Gup Extension Officers** – provide direct support to farmers and herders and translate government policy advice for local-level action.
- **Regional agricultural research and development centres** – provide crucial knowledge and technology that supports the transformation of the agrifood system. The Wengkhar Agricultural Research and Development Centre (ARDC) is located in the project target area.
- **Gyalsung academies², schools and hospitals** – are important potential markets for biodiversity friendly and climate resilient agrifood products.
- The proposed Green Climate Fund (GCF) project on watershed management that is planned for the same geographic area as the GEF project.

The ability of these key stakeholders to achieve food systems transformation and deliver GEBs is constrained by three **key barriers**:

i. **Policy, planning, institutional and collaboration frameworks.** There is insufficient inter-sectoral coordination and enabling mechanisms for implementing the 13th FYP and the NFSPs. National and *dzongkhag* policy, planning and institutional frameworks tend to be characterized by silos across government ministries, agencies, and departments. This results in insufficient coordination among agriculture, environment, trade, investment and nutrition/health sectors. This is a missed opportunity for intersectoral cooperation to improve synergies and positive results across policies and investments in different sectors.

ii. **Farm, landscape and value chain management.** Low economies of scale and lack of value chain infrastructure, financing and markets limit opportunities for producing food in ways that combine landscape restoration and environmental sustainability with enhanced productivity and nutritional value. Farmers are further hampered by limited access to essential financial resources combined with viable markets, preventing crucial investments in improved practices and the ability to realize fair returns on their efforts. Bhutan's rugged terrain and limited infrastructure, including poor road networks, inadequate irrigation and lack of aggregation, processing and storage facilities, impacts the efficient management and distribution of food and increases post-harvest losses. Consequently, farmers face difficulties accessing markets and fair pricing for produce due to inefficiencies in value chains, lack of infrastructure and inadequate market information. Farmers and producer organizations have very low capacities to interact with value chains beyond local and informal markets, have limited business skills, contacts or ability to forge them, and weak ability to absorb fluctuations in prices and terms of trade.

iii. **Knowledge and innovation.** The persistence of small-scale, traditional farming and livestock management practices and limited access to modern technologies and knowledge hinder agricultural

² Gyalsung academies provide Bhutan's mandatory National Service training to all Bhutanese youth.

efficiency and contribute to the vulnerability of farmers. R&D extension efforts focused on improving access to markets and value chains have been insufficient.

Without GEF intervention, the most likely scenario involves incremental improvements in the *dzongkhag* and *gewog* enabling environments, including modest improvements in the capacity of farmers and small and medium enterprises (SMEs) to access sustainable financing and climate resilient value chains. Agrifood systems will continue to face direct and systemic challenges. GEBs will continue to be threatened by climate hazards and other direct environmental risks, including declining condition of rangelands, wetlands, and farms as a result of soil erosion, landslides, water depletion, overuse of pastures and other natural habitats, and infrastructure development without adequate environmental safeguards, planning and governance.

Without GEF support, eastern Bhutan faces declining crop yields and livestock productivity along with the following environmental risks:

- Increased land degradation and greenhouse gas (GHG) emissions from converting fallow lands to agricultural production on steep slopes, and from intensified soil erosion and landslides.
- Reduced quality and carrying capacity of natural rangelands.
- Depletion of water resources from the expansion of irrigation without appropriate technologies and governance.
- Habitat degradation from infrastructure development without adequate environmental safeguards, planning and governance.
- Increased HWC and heightened risks of zoonotic pathogen transmission.
- Increased use of fertilisers and pesticides.

Pathways to change

Addressing the barriers to the achievement of long-term environmental sustainability of food systems and the delivery of GEBs requires a comprehensive approach that is nature-positive within an integrated landscape management framework. This includes investment in infrastructure, modernization of agricultural practices, introduction of climate adaptation strategies, and improved extension support to build a more environmentally sustainable, resilient and self-sufficient food system. Concomitantly, it also includes investments at landscape scale to restore key ecosystem components and functions of importance to both enhancing outcomes for biodiversity and ensuring sustainable food systems such as rangeland restoration for improved grazing and biodiversity conservation and fodder development through agro-silvopastoral interventions.

The RGoB is making progress in achieving this through the **national food system pathways** (NFSPs), that aim to develop a food system that contributes positively to Bhutanese well-being, environmental sustainability, and economic stability, and through Bhutan's **13th Five Year Plan (FYP)** which prioritizes high value agriculture and livestock production, processing and marketing. Bhutan is also making progress to ensure these investments are nature-positive, and address key priorities for biodiversity, land degradation, and adapting to the likely future impacts of climate change.

The current landscape of investments includes:

- Direct financial and technical support provided to *Gewog*, *Gup* and farmers by sectoral agencies and staff at the *dzongkhag* level, including the Departments of agriculture (including irrigation), livestock, forestry and agricultural research and development, as well as the gender focal points. All of these agencies have ongoing programs and budgets in support of government programs including the 13th FYP and the NFSP.

- The programs of the MoAL and its Department of Agriculture (DoA) and Department of Livestock (DoL), the Department Agriculture Marketing and Cooperatives (DAMC) and the Bhutan Food and Drug Authority (BFDA) under the Ministry of Health (MoH).
- Bhutan for Life (BFL), a government initiative, addresses environmental sustainability by providing long-term financing for the management of protected areas and biological corridors within the project area. As a Project Finance for Permanence (PFP) mechanism, BFL supports biodiversity conservation and sustainable livelihoods, ensuring the long-term environmental sustainability of these ecologically significant landscapes.
- A range of existing and planned projects that are described in Section B.

GEF incremental support, with support from the FSIP Global Coordination Project (GCP), is well placed to address these challenges (as summarized in Table 1 below), support the delivery of NFSPs including the objectives of the 13th FYP. Government investments under the NFSP initiative are also well aligned with the priorities of the GEF Food Systems Integrated Program to deliver GEBs.

While the FSIP provides four transformational pathways, this project has been thoughtfully designed to focus on FSIP Pathways 1, 3 and 4. The Royal Government of Bhutan has emphasized the importance of first establishing strong policy, institutional, technical, and knowledge foundations necessary to enable inclusive, resilient, and environmentally sustainable food systems.

At present, Bhutan's financial sector, particularly commercial banks and financial service providers, faces capacity and regulatory limitations in engaging with climate-smart and biodiversity-positive agrifood financing mechanisms. In light of this, the project adopts a phased and pragmatic approach, prioritizing the creation of an enabling environment through strengthened governance (green taxonomy) , harmonized policy frameworks (green banking strategies and PPP framework that enable RFPs to be developed for private sector engagement), improved value chain interventions (certification, infrastructure), and enhanced knowledge systems (capacity development and market assessments), thereby laying the groundwork for future sustainable financing initiatives. The project activities are aligned to strengthen these measures to enable investments in food systems.

The project will contribute indirectly to FSIP Pathway 2 by formulating a knowledge and communication strategy, together with the development of climate finance tools including the design of a green taxonomy in collaboration with the Central Bank and the exploration of potential private sector access mechanisms to the Green Climate Fund. These initiatives will guide the generation, management, and dissemination of knowledge products aimed at enabling and attracting future investments in sustainable agri-food systems. Also, the project will strengthen the capacities of Community Resource Persons (CRPs), equipping them to serve as local agents in raising awareness on climate finance opportunities, including the application of green taxonomy, green banking services, and related financial instruments. This carefully targeted focus will allow the project to maximize its relevance and catalytic impact in areas where GEF support can create transformational change, while establishing a robust foundation and fostering innovative approaches for a sustainable, resilient, and inclusive food system in Bhutan.

Criteria for selection of interventions

The project design considered the following general criteria for the selection of interventions:

- Potential to achieve enhanced outcomes for biodiversity, climate change and land degradation.
- Likelihood of success in socio-economic terms including:
 - Capacity to improve livelihoods, nutrition and food security.
 - Addresses specific needs of women, youth and marginalized people.

- Builds resilience in the face of systemic challenges that cannot be directly addressed by the project, including macroeconomic challenges and climate change.

The final selection of specific locations and commodities was informed by extensive consultation with stakeholders, including farmers, staff of national and local government institutions, private sector entities, civil society organizations and value chain experts. The criteria used to select *gewogs* included (i) impact, specifically the potential to achieve meaningful improvements to environmental, sustainability, productivity and food security outcomes, as well as the need to build resilience of subsistence farmers; (ii) responses from the stakeholder consultations; and (iii) strategic alignment to the 13th FYP.

The criteria used to select commodities included: (i) impact - environmental, economic and social; (ii) feasibility - access to technology, expertise, and infrastructure, cost-effectiveness, potential to engage the private sector; (iii) scalability and replicability - potential to expand beyond target population and geographic area; (iv) sustainability and resilience - potential to reduce dependency on imports and/or vulnerability to adverse effects, shocks and stresses (climate change and market fluctuations); (v) innovation and learning – opportunity to apply innovative solutions and technologies and potential to generate learning and promote knowledge sharing; and (vi) strategic alignment with the sustainable development goals (SDGs), GEBs, 13th FYP and National policies, FAO's Country Program Framework and stakeholder interests.

The process identified 23 *gewogs* and the following sets of commodities that were considered to have the highest potential: (i) **Sustainable and regenerative agriculture**: Cereal (quinoa, buckwheat and maize), Vegetables (asparagus, beans, broccoli, cauliflower, chili and tomato), and Potato; and (ii) **Sustainable and regenerative livestock management**: Poultry and Dairy (Yak and Cattle).

Environmental and socio-economic challenges identified along with needed improvement to commodities/interventions areas are provided in Table 1

Table 1 Environmental and socio-economic challenges of and needed improvements to commodities/intervention areas

Commodity/Interventions areas	Environmental and Socio-economic Challenges	Key improvements needed
Cereals (quinoa, buckwheat and maize) Vegetables Potato	HWC (crop raiding) Land degradation - soil erosion and conversion of fallow lands	● Capacity development ● Establishing and strengthening farmer groups, including youth groups, and cooperatives ● Improve inputs of high-yield and disease-resistant crop varieties, vegetables, and certified potato varieties ● Product diversification (e.g., flour, snacks) ● Introduce climate-controlled ‘protected agriculture’ (greenhouse) systems, cold storage, and improved transportation ● Smart wildlife pest repellent technology to reduce HWC and support biodiversity conservation ● Mitigate land degradation through sustainable land management practices: ○ Crop intensification (e.g. of underutilized native buckwheat variety) through sustainable land development to reduce conversion of fallow land ○ Introduce terrain and gender friendly machinery to enable gender responsiveness of project interventions ○ Promote Integrated Pest Management (IPM), and Integrated Insect Pest and Nematode Management (IIMPAN) ○ Promote on-farm water efficient practices ● Improve market access and reduce post-harvest losses by: ○ Establishing reliable market information systems to provide farmers with timely market data and price information to make informed decisions ○ Enhancing linkages between producers and markets through improved processing, packaging, labelling, branding, aggregation, storage and transport ○ Promoting certification and food sanitary requirements

Commodity/Interventions areas	Environmental and Socio-economic Challenges	Key improvements needed
Poultry and eggs	Biosecurity/disease outbreaks pose significant risks to flock and wildlife health Local pollution of waterways HWC (predation of chickens)	• Capacity development on production practices, disease management, and market linkages. • Improved inputs (quality chicken breeds, feed, and veterinary services) to enhance production and flock health • Strengthen biosecurity measures to mitigate disease risks • Address market access constraints and provide market information
Dairy	Zoonotic disease transfer HWC (predation) Rangeland degradation - overuse, soil erosion, inappropriate use of fire and lack of pasture maintenance activities	• Capacity development on dairy production practices, disease management, and market linkages, and in rangeland, fire and herd management • Promote climate smart dairy farming practices, including improved manure management • Restore rangelands and introduce climate smart pasture management such as rehabilitation and restoration of rangelands within community and private pasture lands and implement agro-silvopastoral approach with native fodder seedlings. • Improve inputs (breed improvement and animal health management) • Invest in modern milking equipment and processing facilities • Address market access constraints and price volatility through dairy cooperatives and producer groups
Cross-cutting - Economic	Low economies of scale Lack of value chain infrastructure Lack of financing and investments Limited market opportunities. Low capacities of farmers and producer organization to interact with value chains beyond local and informal markets Inadequate market information Low farmers income	• Enhance economies of scale through aggregation and strengthening of producer groups. • Establishment of value chain infrastructures • Create an enabling environment for private sector investments in food systems. • Improved agri food product and safety standards in alignment market requirements. • Enhance capacities of farmers and producer organizations. • Strengthen market information systems. • Enhance farmer income through supporting the production and export of high-value commodities. • Actively engage with the GCP for additional support and training to further improve enabling conditions to address these challenges.
Cross-cutting - Social	Limited local value chain support to women and youth-led initiatives High rural-urban migration and feminization of the production	• Public-private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive. • Support gender friendly farm machineries. • Support the establishment of aggregation centers.

Commodity/Interventions areas	Environmental and Socio-economic Challenges	Key improvements needed
	system/Low adoption of mechanization Small and scattered land holdings/Geographically dispersed farms Gender-based inequality	• Implement the Gender Action Plan developed through the gender assessment. • Seek ongoing engagement through the GCP in value chain innovation.

B. PROJECT DESCRIPTION

Theory of change and detailed description of project components

The Project's theory of change (ToC) focuses on three key areas:

- 1) **Improved enabling conditions** will provide incentives for food systems transformation, conserving biodiversity and enhancing climate resilience (Component 1). The pathway to achieve this involves identifying gaps and challenges with current enabling conditions, including policy, laws, and institutional arrangements and using this information in multi-sectoral dialogues aimed at improving coordination and cooperation between stakeholders. This element of the ToC supports the FSIP Pathway 1 and links to the FSIP Global Coordination Project (FSIP-GCP) Component 1.
- 2) **Integrated approaches, nature-based solutions (NbS) and improved agrifood system value chains, infrastructure, finance and markets will enable the transformation of food systems** (Component 2) will involve improving management practices, value chains and markets that together provide incentives for farmers and other community stakeholders to manage agrifood systems to protect forests, rangelands and wetlands, including by adopting Nature based Solutions (NbS) interventions within a framework of Integrated Land Management (ILM). The pathway to achieve this will involve: (a) promoting sustainable production practices and conservation of natural systems including rangelands, by adopting ILM and climate-smart practices, such as rangeland rehabilitation with native species and bioengineering, fire prevention, agro-silvopastoral systems with native fodder, sustainable land development techniques like terracing, and the development of community-based grazing management plans. (b) improving agrifood system value chains, and infrastructure including through public-private partnerships (PPPs) that reduce the environmental footprint of agriculture and promote markets that favor environmentally sustainable production while improving nutrition, generating employment, and engaging women and youth, and in creating an enabling environment for public and private investment in agri-food sector; and (c) building capacity of SMEs to focus on sustainable agricultural production. This element of the ToC supports FSIP Pathways 2 and 3, and links to FSP-GCP Components 2 and 3.
- 3) **Improved access to knowledge and innovative practices** will provide evidence for results-based **adaptive management** and scaling up of project outcomes (Component 3). The pathway to achieve this involves ensuring that lessons are captured and shared and that systems for monitoring, evaluation, learning, and adaptation are useful to a broad range of stakeholders. This element supports FSIP Pathway 4, and links to FSP-GCP Component 4. (see Figure 2)

This project is strategically designed to focus on FSIP 1, FSIP 3 and FSIP 4, in alignment with the Royal Government of Bhutan's priorities to first strengthen the enabling environment, enhance value chains, and improve knowledge systems. While FSIP 2, which emphasizes increased and improved financing - is not a primary focus at this stage, the project adopts a phased and pragmatic approach that lays the groundwork for future financing opportunities. Through targeted activities such as the development of a green taxonomy in collaboration with the Central Bank, preparation of RFPs based on lessons from the project, the design of climate finance tools, and the capacity-building of CRPs to promote green finance awareness, the project is expected to contribute meaningfully to the enabling conditions that will support FSIP Pathway 2 over time.

The Project's ToC takes into consideration the four system transformation levers of the GEF-8 and is consistent with the GEF8 Programming Directions in that it (i) applies a whole food system approach, (ii) addresses drivers, (iii) promotes enabling frameworks to underpin food system transformation, (iv) enables integrated management of landscapes, (v) engages public and private sector actors in value chain and financial sectors and (vi) supports inclusive participation from stakeholders.

The ILM framework within which nature-based solutions will be deployed in this project will consist of a participatory and ecosystem-based ILM framework in eastern Bhutan, focusing on the interconnected management of rangelands and agriculture with strong multi-stakeholder engagement. It will implement NbS on the ground, including rangeland rehabilitation with native species and bioengineering, fire prevention, agro-silvopastoral systems with native fodder, sustainable land development techniques like terracing, and the development of community-based grazing management plans, scaling up gender-responsive and climate-smart agriculture technologies (AgriTech Farms), including protected agriculture (greenhouses) and Integrated Pest Management (IPM). The project also supports innovative research in Climate-Smart Agriculture to address land degradation and climate adaptation, all aimed at balancing environmental conservation with sustainable livelihoods.

The project's interventions are expected to lead to outcomes in which the environmental sustainability of agrifood systems is enhanced through improved coordination and adoption of NbS, while empowering farmers, communities, and value chain actors, including through PPPs, to adopt climate-smart, gender-responsive, and nature-positive agricultural practices, technologies, and value chains.

GEF incremental support will focus on operationalizing relevant elements of the 13th FYP and the NFSPs, building on the existing policy and baseline investments, including the proposed GCF project - *Transforming Bhutan's Water Sector with Climate Resilient River Basin Management* - that will be operating in the same locations. This will enable greater environmental sustainability in food production by reducing the environmental footprint of agriculture and supporting community resilience.

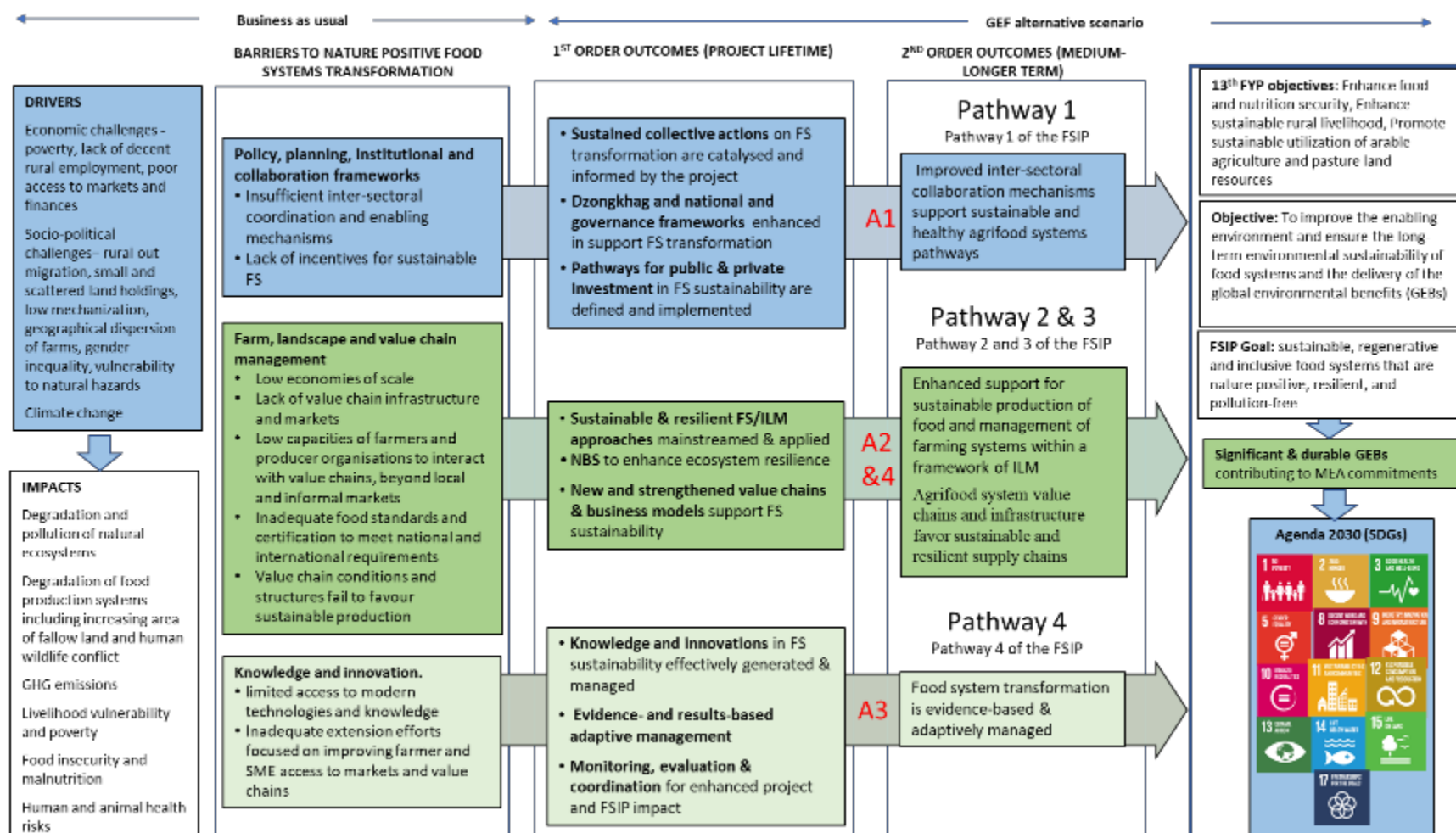


FIGURE 2 THEORY OF CHANGE

If barriers can be addressed, risks to resilient production approaches mitigated, and key pathways to transformative food systems adopted, **then** Bhutan will be able to achieve a sustained increase in food self-sufficiency, accelerate commercialization and enterprise development through improved value chains, and maintain environmental sustainability through gender responsive, climate-smart and disaster-resilient food system interventions within an integrated landscape management framework. Sub-assumptions include:

- **Assumption 1:** Improved collaboration, planning and investment prioritization between sectors will enable (i) improved delivery of the food systems transformation pathways and (ii) more effective management of trade-offs and negative effects on the environment.
- **Assumption 2:** Farmers are willing and able to produce food using NbS and ILM approaches that combine environmental sustainability with enhanced productivity and nutritional value because:
 - NbS and ILM practices including agro-silvopastoral, terracing, cover cropping, and conservation agriculture, rehabilitation of rangelands lands, to generate efficiencies, increase productivity, and improve agricultural product quality and access to markets.
 - Consumer behavior, markets and food value chains, including enhanced certification, market access, post-harvest management, branding, and capacity development initiatives to provide farmers with incentives to produce environmentally sustainable, gender-responsive and nutritious foods.
 - Farmers have improved access to social protection systems (including insurance schemes) that encourage investment in sustainable production.
- **Assumption 3:** Enhanced awareness and sharing of knowledge and innovations, including through engagement with the FSIP Global Coordination Project, will strengthen environmentally sustainable food system transformation in eastern Bhutan.
- **Assumption 4:** Options for climate resilient livelihoods based on NbS including rangeland restoration, agro-silvopastoral approaches, climate-smart dairy and poultry farming, sustainable land development, and community-based agrifood enterprises are viable under future climate scenarios. Technology, infrastructure and approaches will be climate resilient.

GEF incremental investment will fill a gap that will otherwise be difficult to fill through government budgetary, non-governmental or private sector sources. This support will be critical to operationalizing the NFSPs and relevant elements of the 13th FYP in the target *dzongkhags* in ways that focus on the transformational change of the food system to support the conservation and sustainable use of biodiversity and the mitigation of land degradation through the core FSIP transformational pathways, including through women- and youth-led initiatives. Incremental support will facilitate the engagement of the private sector including actors involved along the agrifood system value chain to generate incentives for farmers and pastoralists to implement nature-based solutions to food system transformation that are biodiversity positive, gender responsive, climate-smart, and implemented within a consistent integrated landscape management framework.

The project emphasizes securing GEBs, contributing to SDGs 1, 5, 13, and 15, and to the targets of the Kunming-Montreal Global Biodiversity Framework (see Table 5), particularly Goal B - Prosper with Nature - *Biodiversity is sustainably used and managed and nature's contributions to people, including ecosystem functions and services, are valued, maintained and enhanced, with those currently in decline being restored, supporting the achievement of sustainable development for the benefit of present and future generations by 2050.*

The results-based implementation plan will be implemented in close cooperation with the FSIP-GCP and in accordance with:

- The conditions of the ESMP- Should geographic locations (*gewogs* and sites already identified within *gewogs*) or activities change, then the relevant elements of the ESMP will need to be updated and such activities shall not proceed until the plan is updated. The project will apply FPIC to project activities planned for the *Brokpa* community in Merak and Sakteng *gewogs*.
- The Stakeholder Engagement Plan.
- The Gender Action Plan.

All of the stakeholders mentioned in Section A are relevant to project implementation and details of how they will be engaged can be found in the Stakeholder Engagement Plan (SEP). The project recognizes two distinct groups of farming communities as these groups require different approaches to interventions, these are:

- Subsistence and semi-subsistence farmers. Whilst these farmers do engage in markets, food system transformation actions will focus on improving food security and nutrition, and restoring degraded rangelands within an integrated landscape management framework.
- Market-oriented farmers, and their commodity-based groups and cooperatives. The focus will be on building capacities at the local and landscape levels, climate-resilient agricultural practices, and linking these enterprises to local, national and international markets.

In addition, the project has a focus on private sector actors, including commodity-based groups and cooperatives (input providers, producers, aggregators, processors, traders, manufacturers, food companies and the finance sector) that can link farmers to markets that provide incentives for food system transformation that generate biodiversity and land use benefits. This aspect of the project will contribute to global actions under FSIP Pathway 2.

This targeted approach, leveraging private sector engagement for long-term sustainability and building upon the lessons of community participation, market-driven value chains, climate-smart water, agriculture, and land management, and policy coherence, represents a significant and necessary increment beyond the scope of existing projects, ensuring a more comprehensive and environmentally impactful transformation of Bhutan's food systems in alignment with global biodiversity, land degradation, and climate change targets and sustainable development goals.

Bhutan's recent and ongoing agricultural development initiatives provide critical lessons that have shaped the strategic design of this proposed GEF project. Instead of duplicating efforts, the project addresses persistent gaps and builds on proven approaches to generate global environmental benefits (GEBs). The USD 8 million Food Security and Agriculture Productivity Project (FSAPP), funded by the Global Agriculture and Food Security Program (GAFSP), demonstrated the success of localized, participatory approaches—particularly through the Community Resource Person (CRP) model. The GEF project will expand on this by training CRPs to promote market-oriented, biodiversity-friendly, and climate-resilient farming practices. Similarly, the USD 28.9 million Building Resilient Commercial Smallholder Agriculture (BRECSA) project, funded by IFAD and GAFSP, and CARLEP, backed by IFAD, offer valuable experience in engaging the private sector and strengthening value chains. These learnings inform Component 2, which aims to catalyze private investment in sustainable agricultural enterprises enterprises – and aligns with the body of work under FSIP Pathway 2.

The pipeline USD 37.7 million GCF project, *Transforming Bhutan's Water Sector with Climate Resilient River Basin Management*, will operate in overlapping dzongkhags and provide insights into integrated water resource management, which Components 2 and 3 of the GEF project will align with. The USD 44.4 million GCF-financed agriculture project contributes sustainable land management models that the GEF project will adopt and scale. The EU-funded EUR 13.5 million Multi-Indicative Programme (2021–2027) also supports policy harmonization and national knowledge sharing, complementing Components 1 and 2 of the GEF project.

The project also integrates key lessons from the GEF-6 project (GEFID 9199) *Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscapes and Community Livelihoods* (2017–

2023). This includes the importance of introducing biosecurity measures to prevent pest and disease outbreaks, utilizing market intelligence to inform farmer decisions, and adopting pilot demonstrations to showcase the tangible benefits of sustainable technologies. These lessons have been directly incorporated into the project's intervention strategies to ensure more effective and context-relevant implementation.

While these baseline and pipeline projects have laid a solid foundation, the proposed GEF investment adds unique and incremental value. It prioritizes global environmental outcomes through biodiversity conservation and land degradation neutrality, enhances cross-sectoral governance, and agri-food systems transformation.

The project's components are briefly described below and in greater detail in Annex E.

Component 1. Supportive enabling conditions for sustainable and healthy food systems – addresses the barrier of *policy, planning, institutional and collaboration frameworks*, the GEF-8 transformation lever on governance and policies, and the FSIP Pathway 1 by improving the implementation of plans, policies, and regulations, and management of trade-offs to support food systems transformation. Bhutan has comprehensive policies related to food systems, but there is insufficient inter-sectoral coordination for implementation, particularly at *dzongkhag* level. Accordingly, **the component focuses on improving inter-sectoral collaboration mechanisms** and through this, aligning policies, regulations, and investment across sectors, towards cohesive decision-making for sustainable agrifood systems.

The Multi-Stakeholder Forum for food system governance and coordination, which can become a permanent platform for dialogue and governance, ensuring stakeholders' ongoing participation beyond the project period.

Outcome 1.1: Improved inter-sectoral collaboration mechanisms to support sustainable and healthy agrifood system transformation pathways - focuses on the establishment and strengthening of inter-sectoral collaboration at the national level and improving agrifood system decision-making and farm standards and certification. The outcome will identify the need for improved policies, regulatory, planning and investment mechanisms, contributing to the transformation and environmental sustainability at farm, landscape and value chain levels. The outcome seeks to improve farm standards and certification processes. By improving inter-sectoral collaboration, decision making and standards, the outcome seeks to support an environmentally sustainable, inclusive and gender-responsive, climate-smart and healthy agrifood system.

Output 1.1.1: Policies, plans, regulations, and investment guidance harmonized to promote sustainable food systems.

Food systems are inherently complex and interconnected, involving agriculture and numerous other sectors. Harmonization within and between sectors reduces redundancy and conflicts, making governance structures more efficient and coherent helps reduce bureaucratic obstacles and improves implementation.

This output focuses on improving inter-sectoral coordination and enabling mechanisms for implementing the 13th FYP and promoting cohesive food system governance and coordination, notably at national and *dzongkhag* levels. It will assess the environmental, social, and economic impacts of current agricultural and livestock investments to inform a shift towards sustainable and resilient food systems within an integrated landscape management framework. This output supports NFSP 8, and the 13th FYP's need to enhance the coordination of information sharing between national agencies and local governments. The multistakeholder forum will engage key government actors, including the MoAL, Ministry of Energy and Natural Resources, Ministry of Finance, Ministry of Industry, Commerce and Employment, National Land Commission, Office of the Cabinet Affairs and Strategic Coordination, and six target *dzongkhags*.

Activities to deliver this Output include:

1.1.1.1: Establish a multi-stakeholder national forum for cohesive food system governance and coordination that fosters collaboration, drives systemic change and advances sustainable practices within food systems.

1.1.1.2: Evaluate the impact of relevant policy instruments within a strategic environmental assessment (SEA) framework and enable data-driven and evidence-based decision-making for the transformation of food systems.

1.1.1.3: Drawing on lessons from activities on HWC management (2.1.1) test and evaluate innovative crop and livestock protection measures in the project landscape which also generate global environmental benefits.

Targets: A functional national inter-sectoral coordination forum for food system transformation. Two environmental, social and economic impact reports on agriculture and livestock input supply.

Project partners: Policy and Planning Division of RGoB (PPD), DoA, DoL, all six *dzongkhags*, Agriculture Research and Development Centre (ARDC) Wengkhar, Ministry of Finance.

Relevant projects/programs: CARLEP, BRECSA

Co-financing agencies: PPD, Bhutan Food and Drug Administration (BFDA)

Output 1.1.2: Standards and certification developed to meet export market requirements for sustainable agricultural products

Food Safety Standards, Sustainability Standards, Quality Assurance Standards and certification, supported by innovative tools that use advanced technologies, can improve quality, safety, and efficiency within the food system and reduce the environmental impact of food production.

This output aims to enhance brand visibility, improve market linkages, ensure compliance with food safety standards for Bhutanese agrifood production and products, and strengthen Bhutan's position in global markets, providing incentives for environmentally sustainable agriculture.

The existing Agriculture Marketing Information System (AMIS) and Agricultural Commodity Marketing Initiative (ACMI) will be made more functional, dynamic, interactive, and user-friendly, thereby improving stakeholders' access to digital tools.

Awareness will be raised amongst local communities, farmers and producers on the importance of on-farm biosecurity measures and phytosanitary certification. Training on biosecurity protocols and International Standards for Phytosanitary Measures (ISPM) will enable exports of Bhutan's agricultural products that are environmentally sustainable and meet international food safety standards.

Strengthened biosecurity standards for livestock and poultry will enhance productivity and reduce disease outbreaks, thereby mitigating the likelihood of disease transmission between wildlife and poultry.

Demonstration of certification processes for cage free eggs, quinoa, buckwheat and asparagus will include preliminary inspections at target sites, farm audits to assess adherence to Good Agricultural Practices (GAP) standards, surveillance audits to ensure ongoing compliance and testing water, soil, and produce to verify quality and safety.

Capacity building of the certification body will improve the potential for efforts to be sustained after the project. This includes training of inspectors and auditors on international standards, strengthening capacity of the National Food Testing Lab (NFTL) to test agrifood products, and training of farmers, farmer groups, and cooperatives to meet the requirements of GAP and the Bhutan Organic Standards.

This output supports NFSP 8, and the 13th FYP's aim to enhance food and nutrition security for the country including the production of quality and safety of foods, and links to FSIP Pathway 1. Activities to deliver this Output include:

1.1.2.1: Participate in International Food Expos and conclaves to explore market demands, understand international standards, establish market linkages for premium Bhutanese agrifood products and

position these products effectively for these markets (India, Bangladesh, the Middle East, Thailand, Singapore, and Australia).

1.1.2.2: Develop visuals, written content, and interactive tools highlighting the unique qualities, cultural heritage, and sustainable practices associated with Bhutanese agrifood products to improve brand visibility, drive consumer interest, and facilitate market entry.

1.1.2.3: Integrate biosecurity and phytosanitary certification into the broader framework of food system transformation to enable Bhutan's agricultural products to be competitive, sustainable, and aligned with international food safety standards.

1.1.2.4: Improve the functionality, interactivity, and user-friendliness of the existing Agriculture Marketing Information System (AMIS) and Agricultural Commodity Marketing Initiative (ACMI) and create widespread awareness for stakeholders to effectively utilize these systems and optimize agricultural marketing and decision-making.

1.1.2.5: Conduct research on post-harvest losses for two prioritized commodities to evaluate and recommend post-harvest management practices and solutions (storage, handling, and processing techniques) that enable reduced post-harvest losses, minimize waste and environmental impact and enhance resilience to climate variability.

1.1.2.6: Develop educational and communication materials (best practices for post-harvest handling and management of selected commodities) recommended from the research on post-harvest losses (1.1.2.5) for two prioritized commodities to minimize losses and achieve and enhance sustainable outcomes.

1.1.2.7: Initiate farm standardization and certification processes for cage-free eggs that demonstrate climate-smart and sustainable practices and minimize land degradation, and promote integrated pest management, energy and resource efficient production methods in collaboration with DAMC & BFDA.

1.1.2.8: Strengthen farm biosecurity standards for sustainable livestock production.

1.1.2.9: Certify cage free eggs based on international standards.

1.1.2.10: Certify quinoa, buckwheat and asparagus based on the Bhutan organic standard.

1.1.2.11: Develop and implement quality and sustainability as per specified standards for dairy milk, cage-free eggs and yak products

1.1.2.12: Support capacity building of the certification body to provide certification services for priority commodities/products as per the specified standards of target markets.

Target: Six international agrifood market standards assessments, three agrifood products certified for international markets

Project partners: DAMC, BFDA, DoL & DoA and all six *dzongkhags*.

Relevant projects/programs: CARLEP, Building Resilient Commercial Smallholder Agriculture (BRECSA)

Co-financing agencies: PPD, DoL, DAMC & BFDA

Component 2: Transformation of food systems at farm, landscape and value chain levels – Builds on the enabling conditions generated under Component One. It comprises three focused outputs designed to promote a transition to climate-resilient agrifood systems that generate improved production outcomes for farmers, as well as GEBs within an integrated landscape management framework. It also addresses barriers to farm, landscape and value chain management, and public-private partnerships and links to the FSIP Pathway 3, with enabling contributions to FSIP 2 through catalytic support for enterprise development, value chain infrastructure, and engagement with emerging financing mechanisms such as BAF, using the GEF-8 transformation levers on innovation, financial leverage and multi-stakeholder dialogue. This component will support targeted farmers, communities, and value chain actors to adopt climate-smart, gender-responsive, and nature-positive agrifood production practices, technologies, and value chains for climate-resilient livelihood development.

It focuses on a two-pronged approach to using NbS: (i) supporting **semi-subsistence farmers** and herders to improve food security and implement sustainable land management practices; and (ii) supporting farmers and SMEs that are focused on **commercial production** to mainstream environmental sustainability into food production and reduce Bhutan's dependency on food imports.

The establishment of strong international market linkages and consumer demand will support environmentally sustainable Bhutanese agrifood products beyond the project lifecycle through local private sector based agrifood enterprises and investments. Further, farmers will be supported to combine yield improvements and profitability with environmental sustainability, resulting in the protection of environmental values of global importance while contributing to the reliable and affordable supply of nutritious food and the substitution of food imports.

This component includes several innovative aspects including:

- Enhanced national agriculture extension systems with digital tools for production, marketing, value addition and monitoring (dashboard), in accordance with environmental sustainability.
- Nature-based Solutions (NbS) to enhance agroecosystem resilience. This will include promotion of environmentally sustainable management of farms and protection of rangelands through climate-smart practices, such as rangeland restoration, agro-silvopastoral approaches with native fodder species, climate-smart dairy and poultry farming, integrated pest and nutrient management, sustainable land development and efficient irrigation technologies (e.g., drip irrigation) to enhance the conservation of biodiversity and delivery of ecosystem services. This approach will support local stakeholders to adopt NbS approaches within diverse farming systems that generate GEBs while at the same time improving production outcomes.
- Local value chain support to women- and youth-led initiatives and sustainable businesses.
- Improved linkages within the private sector that enable small farmers and their commodity organizations to de-risk investments to enhance production and diversify farms and crops, while benefiting from incentives for generating environmental benefits within an integrated landscape framework, manage HWC, and adapt to climate change.
- Cross-sectoral implementation of plans, policies and regulations at district and sub-district levels.

Outcome 2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM) – includes activities that improve agricultural land and rangelands, reduce HWC and deliver environmentally sustainable management of agricultural land using NbS within a framework of integrated landscape management (ILM).

The outcome will encourage adaptive NbS practices that can respond to changing environmental and socio-economic conditions, while enhancing the resilience of farming systems. The provision of quality inputs, to target farmers and SMEs for demonstration purposes, and thereafter inputs to be provided by the private sector, along with enhanced technical support will enable the adoption of environmentally sustainable farming practices.

Output 2.1.1: Enhanced support for sustainable production of food and integrated management of farming systems promoted within a framework of ILM

Enhanced extension support will help farmers adopt ILM practices for long-term food security without depleting natural resources. The use of NbS, including ILM and climate-smart agriculture (CSA) technologies, such as greenhouses with automated irrigation, gender-friendly agriculture, labor-saving technologies (mini-tiller, weeder, grass cutter), sustainable land development such as erosion control and terracing, smart irrigation, Integrated Pest Management (IPM), bioengineering, and introduction of improved breeds and seeds, will help minimize or avoid environmental degradation while enhancing crop and livestock productivity. This output supports the 13th FYP aim to promote sustainable utilization of arable agriculture and pastureland resources, and links to FSIP Pathway 1.

Support to the *Brokpa* community focuses on rangeland restoration, enhancement of sustainable fodder resources and mitigation of HWC. Activities will be consistent with the Sakteng Wildlife Sanctuary's Conservation Management Plan and therefore assist in the successful implementation of this Plan and improved outcomes for biodiversity, and comply with all specific safeguards contained within the project's ESMP. Activities will include interventions to restore rangelands and promote biodiversity-friendly and climate-smart practices using native fodder seedlings, including rangeland rehabilitation with native species and bioengineering, fire prevention, agro-silvopastoral systems with native fodder, sustainable land development techniques such as soil erosion control and terracing, and the development of community-based grazing management plans. Rangeland restoration activities in the highland areas aim to rejuvenate alpine grazing areas by providing quality fodder for livestock, creating clear paths for wildlife movement, enriching wildlife habitat, and improving livestock quality. This will improve herding practices and conserve habitats for wildlife. Through agro-silvopastoral interventions, 405 ha of pasture/fodder will be developed in dryland agricultural areas. This activity contributes to Core Indicator 4.1. Climate smart dairy farming practices will be supported through improving herd quality and capacity building of dairy producer groups in improved climate-smart dairy management. Training will be provided by Community-Based Artificial Insemination Technicians (CAIT) on advanced AI technologies and traceability and digitization systems for improved National Dairy Information System (NDIS). The demonstration of climate smart livestock technologies that enhance livestock productivity and reduce GHG emissions include the use of rumen bolus feed supplements, educating farmers on Yak artificial insemination (AI) and setting up AI outreach stations for genetic improvement.

Commercial layer farms will be supported through the procurement of parent stock for Day Old Chicks (DOCs), supplying appropriate construction materials and automation of the farms to enable sustainable poultry farming to improve food security and reduce biosecurity risks.

Eco-innovate farms will focus on demonstrating environmentally friendly and climate smart approaches that mitigate HWC and reduce farm environmental footprints.

Importantly, Output 2.1.1 will be directly complemented by Activities 3.2.1.12 and 3.2.1.4, which support strategic ILM promotion in the project area. Activity 3.2.1.12 will build the capacity of NLC to carry out a comprehensive Land Use Zoning Plan for eastern Bhutan and the zoning process will cover 1 107 011 ha and will classify land for specific uses- such as agriculture, forestry, conservation, rangelands, urban development, and industry- while identifying and safeguarding ecologically critical zones. These include Key Biodiversity Areas (KBAs), Protected Areas (PAs), Community Forests (CFs), Forest Management Units (FMUs), Conservation and Buffer Zones around heritage sites, Payment for Ecosystem Services (PES) areas, potential water recharge zones, Ramsar Sites, and rangelands in addition to other development areas. Each designated zone will be supported by corresponding management regulations to ensure the ecological integrity and sustainable use of these landscapes. This zoning plan will contribute directly to (GEBs by reducing biodiversity loss, mitigating land degradation, supporting climate change adaptation, and minimizing land use conflicts. It will also provide a spatial and governance framework to enable the successful implementation and scaling of ILM practices promoted under Output 2.1.1. Complementing this, Activity 3.2.1.4 will strengthen farmers capacity to adopt environmentally sustainable production practices. This includes training on the use of high-quality seeds, appropriate soil fertility management, integrated pest and disease control, and efficient water use. Together, these practices will enhance the ecological performance of farming systems, improve resilience to climate shocks, and increase biodiversity benefits within agricultural landscapes.

The output will assess smart wildlife pest repellent technologies and promote proven CSA technologies through ARDCs. Activities to deliver this Output include:

2.1.1.1: Implement rangeland restoration actions within an integrated landscape management framework and enhance sustainable fodder resources to mitigate land degradation and strengthen the climate resilience of livestock farming systems.

2.1.1.2: Provide targeted inputs and materials to boost productivity of native poultry farming and enhance resilience against environmental and economic shocks.

2.1.1.3: Promote climate smart dairy farming practices for increased milk production and productivity.

2.1.1.4: Generate and promote innovative livestock technologies through R&D and support services, including CSA technologies.

2.1.1.5: Support commercial layer farms (3 000 bird capacity) for cage-free egg production and layer farms for food security.

2.1.1.6: Support the development of a demonstration Eco-innovate farm with youth in Khaling by supporting the farm with human-wildlife conflict mitigation measures, protected agriculture, water efficient practices and small-scale mechanization.

2.1.1.7: Support sustainable rangeland management practices and efficient utilization of agricultural land.

2.1.1.8: Support innovative research to generate and promote nature-positive agriculture and rangeland management approaches for addressing land degradation, HWC management, and climate adaptation, including climate-smart agriculture (CSA).

2.1.1.9: Scale up gender-responsive and climate-smart agriculture technologies (AgriTech Farms) including protected agriculture (greenhouses), Integrated Pest Management (IPM), and Integrated Insect Pest and Nematode Management (IIMPAN) to enhance sustainability and resilience in farming systems

2.1.1.10: Enhance the quality of planting materials through replacement of potato seeds with improved certified varieties.

Targets: 1 014 297 metric tonnes of CO₂e mitigated (Core indicator 6). 33 824 ha (Core Indicator 3.1): The project targets 564 ha of direct grazing restoration and Tsamdrog management plans covering an additional 33 260 ha. Restoration will be community-led, with project support and monitoring.

1 107,011 ha of landscapes under improved management to benefit biodiversity (Core Indicator 4.1) and that land use will be improved through landscape level land use zoning covering the entire area of the 6 dzongkhags as a result of incorporation of project lessons and via improved links to the National Land Commission's initiative. 405 ha of pasture/fodder developed in dryland agriculture areas through agro-silvopastoral interventions.

23 735 ha of landscapes under SLM (Core Indicator 4.3). A total of 84,419 farmers trained in rangeland management and restoration within an overall ILM framework, along with fodder resource development and sustainable climate-smart agriculture.

Project partners: DoL, DoA, NLCS & all six eastern *Dzongkhags*

Relevant projects/programs: Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan (GCF); Promoting Inclusive, Sustainable, and Resilient agrifood Systems in Bhutan' programme (EU), Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan, CARLEP, BRECSA, Bhutan for Life (BFL).

Co-financing agencies: DoL, DoA & six eastern *Dzongkhags*.

Outcome 2.2: Agrifood system value chains and infrastructure favor sustainable and resilient supply chains – is focused on *gewogs* with high production and marketing potential. It targets smallholders and SMEs, including farmers, aggregators, transporters, and processors. It aims to encourage private sector engagement that brings in expertise, innovation, and technology to enhance production efficiency, particularly through mechanization and automation to create an enabling, gender-responsive environment for sustainability and competitiveness by leveraging public-private partnerships. It will encourage PPPs that invest in agrifood system infrastructure, including storage facilities and transportation networks, that improve the overall efficiency of the supply chain, reduce

post-harvest losses and promote agricultural practices that are nature-positive, based on NbS approaches within an overall ILM framework.

The outcome includes support for Primary Aggregation Centers (PACs), establishment of links with domestic, regional, and international markets and development of Integrated Processing Centers/Eco-hubs within a network of PACs. The eco-hubs will provide support services, digital technologies, and collaboration opportunities with certification agencies, agrifood standards, and producers with a view to accelerating environmentally sustainable production, marketing and trade.

PACs will function as primary aggregation points for basic processing activities before transporting agricultural produce to the eco-hub. The eco-hubs and private processing firms will establish production facilities and collaborate with entities such as Farm Machinery Corporation Limited (FMCL) and commercial farms to secure a steady supply of raw materials.

Outcome 2.2 recognises that private sector engagement in Bhutan's agricultural sector remains constrained by the dominance of government agencies and disparities in support systems. Challenges including limited market access and inadequate infrastructure, particularly in remote areas. Nevertheless, the RGoB recognizes the indispensable role of private sector engagement in achieving its objectives of sustainable agriculture, rural development, and private sector participation in the agrifood sector. It is for this reason that alignment with the private and financial sector engagement strategy of the FSIP, and cooperation with the Global Coordination Project, is vital in order to achieve the Government's objectives laid out in the NFSP.

While government support has been crucial in transitioning to a semi-commercial farming model, persistent challenges remain, particularly for remote farmers. Private sector involvement, alongside strategic interventions from the government, is essential to address these challenges effectively. Fortunately, Bhutan's agrifood industry is witnessing the emergence of passionate entrepreneurs and startup agribusinesses, offering significant opportunities in aggregation, transport, storage, processing, and marketing.

Smallholders and SMEs, including farmers, aggregators, transporters, and processors, will be linked to the project to foster economic empowerment and social development within rural communities.

Through Outcome 2.2, the private sector will be encouraged to engage in the transformation of food systems through enterprise development, technology adoption and partnerships in project-supported value chain enterprises and to create an enabling environment for growth and competitiveness including through public-private partnerships (PPP) that align with national priorities. This will be pursued through constructive dialogue, collaboration, and continued engagement to further build confidence and deepen partnerships. Moreover, this effort will be supported via active engagement through the GCP in order to better enhance and leverage these public-private partnerships.

Input providers, producers, aggregators, processors, traders, manufacturers, food companies and the finance sector will be engaged to:

- Identify options for scaling up targeted crop and livestock production and value chains that incorporate environmental sustainability considerations.
- Adopt tools and standards, including digital tools and technology for production, marketing and value addition, to create economies of scale and improve access to markets for environmentally sustainable production.
- Strengthen farmer cooperatives, and farmer and industry associations for environmentally sustainable production.
- Support vulnerable farmers to apply environmentally sustainable farming systems.

Output 2.2.1: Public-private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive

This output focuses on engaging the private sector in sustainable agrifood systems to promote gender-responsive, environmentally sustainable food systems. It will encourage private investments that drive innovation, enhance productivity, and create jobs, contributing to overall economic development. These investments will be supported by the project, including through engagement with the GCP, in order to leverage the global environmental benefits accruing from these activities. It will demonstrate how environmentally sustainable agrifood and livestock systems can be achieved through efficient supply chain management, traceability (see Component 1), reduced waste, and optimized resource use, leading to cost savings and better product quality. The output will support enterprise development, refrigerated transport systems, processing, value addition and product innovation through the provision of appropriate equipment, facilities and capacity building.

The output includes supporting farmer and youth groups to supply food to Gyalsung academies³ and the Gelephu Mindfulness City, including supplying a refrigerated van to the Samjong Youth Cooperative in S/Jongkhar. Both the Gelephu Mindfulness City and the Gyalsung academies provide substantial potential markets for farmers in the project's targeted area. In addition, institutionalizing supplies of agrifood to schools, institutions, and hospitals will involve the development of productive alliances, and offtake agreements.

To improve sustainability and upscaling, capacity development on enterprise development and agribusiness management will involve training of trainers (Districts Economic Development and Marketing Officers, Agriculture and Livestock Extension Officials) as well as farmers, youth groups, cooperatives, and entrepreneurs on enterprise and agribusiness management, specialized training to farmers on packaging technologies.

This output will document lessons and best practices from private sector engagement modalities on food logistics, aggregation, cold chains, and product development under output 2.2.1. These lessons will inform the development of request for proposals (RFPs) for integrated food system value chain-based enterprises in line with the PPP policy of RGOB. Specifically, under Activity 2.2.1.5, the project will develop RFPs for integrated food system value chain enterprises, informed by pilots under Output 2.2.2 and aligned with investor interests identified during Annual Food Systems and Agri-Business Conclaves. These RFPs will be tailored to mobilize private sector investments by clearly articulating investment-ready opportunities, associated incentives, and the environmental and commercial benefits of participation. In doing so, the project moves beyond engagement and creates structured, investable propositions that reduce risk and build confidence for the private sector. These RFPs, issued by the Ministry of Agriculture and Livestock, will enable private sector investments in environmentally sustainable food system enterprises that reduce environmental footprints and post-harvest losses in the food sector.

In addition, the project directly supports the realization of the Bhutan AgriSustain Fund (BAF) - a USD 80 million fund to finance solutions for agrifood system growth, resilience, and de-risking private investment. BAF is a Royal Government initiative, led by the Honorable Prime Minister with technical support from FAO. It is a catalytic financing mechanism designed to address key challenges and unlock the potential of Bhutan's food systems transformation. BAF seeks to channel strategic investments to enhance productivity and resilience to climate and market shocks, conserve Bhutan's rich ecosystems and agro-biodiversity, and empower rural and vulnerable populations, including women, youth, and persons with disabilities. The Fund's mission is to transform Bhutan's agriculture and livestock sector into a sustainable, inclusive, and climate-resilient agri-food system that secures food security, improves rural livelihoods, and preserves environmental integrity. While BAF is expected to become operational towards the end of the project, this GEF intervention plays a critical enabling role by generating pipeline-ready enterprises, capacity-building of actors, and technical foundations (such as climate

³

Gyalsung academies provide Bhutan's mandatory National Service training to all Bhutanese youth. There are two academies in the project target area - Bondeyma Academy in Mongar *Dzongkhag* (housing around 1000 Gyalsars [students]) and Pemathang Academy in Samdrupjongkhar *Dzongkhag*. (housing around 4,600 Gyalsars). The Gelephu Mindfulness City is a special administrative region that is being developed in south-central Bhutan.

finance tools and green taxonomy) that will inform and strengthen BAF's operationalization. **Activities to deliver this Output include:**

2.2.1.1: Provide capacity development on enterprise development and agribusiness management (post-harvest management, value addition, packaging, labeling, branding and certification).

2.2.1.2: Establish and strengthen farmer groups including youth groups, and cooperatives to enable them to supply four Gyalsung academies (vegetables, dairy, and livestock products), Gelephu Mindfulness City and export markets (asparagus, broccoli, chili, quinoa).

2.2.1.3: Institutionalize supplies of agrifood to schools, institutions (Monastic and Education) and hospitals.

2.2.1.4: Prepare a master plan for the utilization of existing cold storage and warehouse facilities within the value chain across the six eastern *dzongkhags* and develop additional facilities to enhance aggregation and marketing efficiency.

2.2.1.5: Develop request for proposals (RFPs) for integrated food system value chain based enterprises, leveraging lessons from Output 2.2.2 pilots, BAF resources, and investor engagement through the RFP process and Annual Food Systems and Agri-Business Conclaves.

Targets: 1 610 women and men trained in agri-business and enterprise management. A master plan developed for the utilization of existing cold storage and warehouse facilities. Lessons from private sector engagement on food logistics, aggregation, cold chains, and product development documented. RFP documents developed.

Project partners: Department of Agricultural Marketing and Cooperatives (DAMC) & all six eastern *Dzongkhags*

Relevant projects/programs: Food Security and Agriculture Productivity (FSAPP), BRECSA

Co-financing agencies: DAMC & all six eastern *Dzongkhags*

Output 2.2.2: Agrifood value chain enterprises promote environmentally sustainable, resilient and gender responsive agricultural and livestock products

This output promotes value chains that enhance the resilience of food systems to climate variability and extreme weather events, reduce environmental footprints, improve biosecurity and ensure consistent food production and supply chains. It will build the resilience of value chains so that communities can better withstand and recover from natural disasters, HWC, economic shocks, and other disruptions. It supports crop diversification, conservation agriculture, and integrated pest management. The output will consider the lessons provided in the FAO publication *Managing risks to build climate-smart and resilient agrifood value chains*⁴ as well as from other projects and government programs.

The output will encourage the development of gender-responsive, environmentally sustainable value chains that empower women by actively including women in decision-making processes and ensuring equal access to resources, training, and opportunities. Environmentally optimized and gender-responsive value chains will support national and international policy goals, including the SDGs, particularly SDG 2 (Zero Hunger), SDG 5 (Gender Equality), and SDG 13 (Climate Action). The output will

- Set up a Yak dairy product processing enterprise at Merak/Sakteng and revive the juice processing plant at Shumar, Pemagatshel to foster entrepreneurship for environmentally sustainable agrifood production and processing capacity.
- Assess options for product development and certification in six *dzongkhags* for unique products (such as Geographical Indication and Geographical Indication for Economic Sustainability) to enhance local product offerings and promote environmentally sustainable food systems.

⁴ FAO. 2022. Managing risks to build climate-smart and resilient agrifood value chains. The role of climate services. Rome. <https://doi.org/10.4060/cb8297en>

- Set up Integrated Aggregation Centers (IAC) for (i) Potatoes, Quinoa, and Maize to improve supply chain efficiency and market access for farmers; (ii) for dairy products and eggs in Deothang; expand the IAC in Lingmithang; and establish a refrigerated transport enterprise that ensures perishable products reach markets in optimal condition and reducing spoilage.
- Promote Total Mixed Ration (TMR) dairy feed to reduce GHG emissions and grazing impacts on natural systems.
- Establish milk collection centers equipped with chilling facilities, and milk quality testing equipment. Enhance the value chain for Langchenphu broiler farm by installing blast freezers and cold storage facilities; Yak Fiber Processing Equipment in Merak and Sakteng and training of farmers in high-end yak fiber processing techniques; and set up egg sorting, grading equipment and training of field staff in grading, packaging, and branding cage-free eggs to increase market appeal.
- Support the branding, packaging, and design for local products.

The output supports NFSP 2 and the 13th FYP objectives to enhance food and nutrition security and to enhance sustainable rural livelihoods. Activities to deliver this Output include:

2.2.2.1: Support the establishment of enterprises to pilot entrepreneurs/private sector/youth/community based entities to enable them to engage in sustainable agrifood value addition and logistics.

2.2.2.2: Support value added and unique agrifood product development in each target *dzongkhag* (yak fibre products, buckwheat tea, buckwheat noodle, Urka Bangala [chili] products).

2.2.2.3: Demonstrate modalities of private sector engagement through the establishment of Integrated Aggregation Centers (IAC), improve transport logistics, and provide vacuum packaging machines and packaging materials.

2.2.2.4: Support low-cost feed formulation technology that enables use of local raw materials and reduces GHG intensive imports for dairy.

2.2.2.5: Strengthen the integration of dairy and poultry supply chains.

2.2.2.6: Establish two market outlets for sale of products developed with high standard display shelves. These strategically located outlets are to facilitate promotion and sale of agricultural and livestock products. They will feature display shelves designed to highlight the quality and sustainability of the products.

2.2.2.7: Develop branding and packaging design of the products developed in the six eastern dzongkhags.

Targets: seven environmentally sustainable enterprises on agrifood value addition and logistics established.

Project partners: DAMC, DoL, all six eastern *Dzongkhags*, Private sector entities

Relevant projects/programs: CARLEP, FSAPP, BRECSA

Co-financing agencies: DoL, DoA, DAMC & all six eastern *Dzongkhags*

Component 3 Adaptive management and knowledge - addresses the barrier of *knowledge and innovation*, and the FSIP Pathway 4. It focuses on providing agrifood system actors access to knowledge on sustainability, and that project-generated knowledge is effectively disseminated and opportunities for scaling up are captured, including through the FSIP and other international platforms. The project will link closely with the FSIP-GCP and collaborate on capacity development and technical support needs. It will report to the GCP on standardized programme-wide indicators, gather and share information on lessons learned and participate in IP governance to exchange knowledge and shape global policy agendas.

To ensure sustainability beyond the project's duration, training programs and knowledge-sharing initiatives will be integrated into the ARDC's and *Dzongkhag's* agriculture, livestock, and economic development sectors. This will enable local actors to independently maintain and promote sustainable practices.

The project's knowledge management strategy is described in section E.1 *Knowledge management and Communication*.

Outcome 3.1: Evidence- and results-based adaptive management is focused on improving access to agrifood system information including through a science, technology, and information (STI) based national food system dashboard and an e-pest and diseases surveillance system. The dashboard will provide MoAL with a monitoring system to track the performance of components of the food system. The outcome will examine the feasibility of establishing the dashboard as a user-friendly geospatial portal based on an on-premises- or cloud-server, providing access to agrifood system, land use, environment, socio-economic and infrastructure information.

Output 3.1.1: Monitoring mechanism optimize effective, efficient and results-based adaptive management of agrifood system transformation.

This output is focused on providing real-time information to farmers and decision makers to support the adaptive management of the agrifood system. Adaptive management employs a dynamic approach that adjusts strategies based on ongoing learning and feedback from the monitoring mechanism.

The development of a national food system dashboard will provide the MoAL with a system to track the performance of various components of the food system. The feasibility of setting up the dashboard as a user-friendly geospatial portal based on an on-premises- or cloud- server that provides access to agrifood system, land use and infrastructure information, will be examined through this output.

In addition, the project aligns with the FSIP global coordination project (GCP) monitoring mechanism and will report on Core Indicators as well as the indicators of transformational change that will be defined through the communities of practice for the target sectors and regions. The national monitoring mechanism will ensure that the GCP is fully docked and responds to the needs of the country while identifying common challenges across countries in a coherent manner.

The establishment of an e-pest surveillance system within the existing agrometeorological system will improve the management of pests and diseases by providing real-time data and advisory services to farmers. Activities to deliver this Output include:

3.1.1.1: Design and develop a science, technology, and information (STI) based national food system dashboard to serve as an overall monitoring system for the MoAL to track the performance of various components within the food system and offer a cohesive interface for all stakeholders.

3.1.1.2: Strengthen the e-pest and diseases surveillance system to improve management of pests and diseases, providing real-time advisory to farmers

3.1.1.3: Provide evidence based and adaptive management reports to ensure environmental and social safeguards as well as gender inclusion for all project activities.

3.1.1.4: Environmental and gender safeguards training to all community representatives.

3.1.1.5: Lessons learned identified, documented, and disseminated in advancing gender equality and women's empowerment in the project.

3.1.1.6: Revise activity and site specific ESMPs.

3.1.1.7: FPIC meetings with communities on grazing management.

Targets: National food system dashboard and an e-pest and diseases surveillance system operating and providing real-time advisory to farmers.

Project partners: PPD, DoA & all six eastern *dzongkhags*.

Relevant projects/programs: CARLEP, FSAPP, BRECSA

Co-financing agencies: DAMC

Outcome 3.2: Improved access to knowledge and technical expertise focuses on implementing a knowledge management strategy that will help stakeholders scale up and sustain food system transformation efforts beyond the project. This will involve establishing mechanisms for sharing

knowledge and innovation, including within and between *gewogs* and *dzongkhags*, at national level as well as within the Asia Pacific region and globally. The outcome will promote information sharing through the integration of monitoring, evaluation and learning systems with the FSIP-GCP platform. This will include systematic capture and sharing of information with other landscapes and FSIP projects, including through South-South learning. It will maintain effective links with FAO in relation to agrifood systems, including (i) FAO resource hubs, and (ii) FAO platforms on crops. It will also support links to regional and global hubs/resources on agrifood systems and landscape management including the FSIP-GCP.

Output 3.2.1: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation and behaviour change

Knowledge and skills will be developed to promote ILM practices. Farmers will be supported to adopt market-based approaches to increase productivity, reduce losses, and enhance product quality to meet market standards. Knowledge exchange and collaboration will incorporate good practices and lessons learned on gender mainstreaming/women's empowerment and be gender responsive as well as ensure compliance with the Project's Stakeholder Engagement Plan.

Strategic ILM will be promoted through the capacity-building of the National Land Commission (NLC) to develop and implement a comprehensive Land Use Zoning Plan for eastern Bhutan. The zoning will guide how 1 107 011 ha of land are used and managed to balance environmental, social, and economic objectives. It will delineate zones for agriculture, forestry, conservation, urban development, and industry, while also identifying and safeguarding ecologically sensitive areas such as Key Biodiversity Areas (KBAs), Protected Areas (PAs), Community Forests (CFs), Forest Management Units (FMUs), Conservation and Buffer Zones around heritage sites, Payment for Ecosystem Services (PES) areas, water catchments, potential groundwater recharge zones, Ramsar sites, and rangelands. These designated areas will be accompanied by management regulations that uphold their ecological integrity and land use functions. By supporting improved land governance, reducing land degradation and biodiversity loss, enhancing climate adaptation, and minimizing land use conflicts, Activity 3.2.1.12 directly contributes to the generation of GEBs.

Annual buyer-seller events will be organized in the eastern region and a bi-annual Agri-Business Conclave/ Food Festival/Fair/Expo will be held in Samdrupjongkhar *Dzongkhag*. This will feed into the national level biennial Bhutan AgriFood Trade Investment Forum (BATIF) to leverage opportunities for investment in environmentally sustainable Agrifood Systems.

Extension staff and regulatory officials will be trained in ILM, CSA and precision farming, Integrated Pest Management (IPM), and pest diagnosis. Manufacturers and testing staff will be trained in food safety and licensing for Food Business Operators based on ISO IEC 17020:2012 standards and safety licensing process ISO IEC 17020:2012. This output supports NFSP 5 and FSIP Component 4. Activities to deliver this Output include:

3.2.1.1: Organize knowledge exchange and networking programs for agrifood systems value chain actors to facilitate the sharing of best practices, and innovative solutions for compliance with market standards including visits to institutions and farms in southern and western Bhutan.

3.2.1.2: Organize annual Food Systems and Agri-Business Conclaves, featuring investment opportunities in the agrifood sector, fostering networking between buyers and sellers and facilitating technology transfer and knowledge exchange, innovation and sustainable solutions for the agrifood system.

3.2.1.3: Conduct capacity-building programs for local officials and communities on modern farming techniques and quality control measures aligning with market standards and requirements and sustainable agricultural practices.

3.2.1.4: Train farmers on use of high-quality seeds, appropriate soil fertility practices, integrated pest and disease management, and efficient water management to promote environmentally sustainable practices for a resilient food system.

3.2.1.5: Train Community Resource Persons (CRPs) as local agents to promote market-oriented production, post-harvest practices, and raise awareness on climate finance mechanisms, including green taxonomy, green banking, and related products.

3.2.1.6: Support knowledge exchange and collaboration by establishing linkages with the FSIP-GCP and its projects, regional mechanisms and institutions and other relevant projects and programs: Represent and participate in IP governance mechanisms and at regional and global food system network/forums for knowledge sharing.

3.2.1.7: Develop a knowledge management and communication strategy, along with climate finance tools (green taxonomy with the Central Bank and potential GCF private sector access), to guide knowledge generation, storage, and dissemination for enabling investments in agri-food systems.

3.2.1.8: Develop and maintain a project database that enables effective monitoring, reporting and evaluation and is consistent with the FSIP-GCP database.

3.2.1.9: Report regularly to the FSIP-GCP using agreed criteria, indicators, and reporting formats.

3.2.1.10: Baseline assessment for the project.

3.2.1.11: Develop strategies for investments into for food systems transformation as part of FSIP-GCP collaboration; Organise local, national and international sessions on improved FSIP-GCP coordination with local stakeholders and other IPs; Support realisation of partnership agreements amongst local stakeholder and with international partners on catalytic partnerships for food system transformation (scoping visits, meetings and MoUs).

3.2.1.12: Capacity development of NLC to carry out Land Use Zoning for eastern Bhutan as part of overall national land use zoning (integrated land use planning).

Targets: 15 knowledge products. 5 Food Systems and Agri-Business Conclaves. 115 Community Resource Persons trained. Knowledge exchange and collaboration linkages to the FSIP-GCP and other FSIP countries established. 200 NLC officials capacitated to carry out Land Use Zoning for eastern Bhutan which will contribute to Core Indicator 4.1 under Output 2.1.1.

Project partners: PPD, DAMC, DoA, DoL, BFDA, NLCS & all six eastern *dzongkhags*

Relevant projects/programs: CARLEP, FSAPP, BRECSA

Co-financing agencies: DAMC

To optimize the potential for scaling up and sustainability, the project will:

- Promote (i) sustainable and regenerative agriculture of important food crops whose current production results in negative environmental impacts (cereal (quinoa, buckwheat and maize), vegetables (asparagus, beans, broccoli, cauliflower, chili and tomato), and potato), and (ii) environmentally sustainable livestock management (poultry and dairy) to reduce environmental footprint and improve biosecurity.
- Develop tools and standards, including digital tools and technology, for production, marketing, and value addition, to create economies of scale and improve access to markets for gender-responsive, environmentally sustainable production.
- Strengthen farmer cooperatives, and farmer and industry associations that support NbS and ILM, with an emphasis on youth and women-led initiatives.
- Enhance resilience and promote gender-responsive agrifood system options that conserve biodiversity, are climate resilient, and mitigate land degradation.
- Equip stakeholders with processes and data that enable the identification and management of tradeoffs leading to improved outcomes for biodiversity and ecosystem services.

- Promote compatibility between sustainable and profitable production and dietary/nutrition needs.

Private Sector Engagement

The project's strategy for private sector engagement, particularly through Activity 2.2.1.5, is designed to systematically catalyze private investment in sustainable food systems within Bhutan's agri-food sector. This framework centers on the development of requests for proposals (RFPs) as outlined above in Section A (pg. 7) – and further detailed in Annex P. This approach has been specifically structured under the RBoG approach for Public-Private Partnership (PPP) models. This approach aligns with Bhutan's established PPP Policy (2016), which seeks to leverage private sector resources, expertise, and innovation for public benefit while ensuring transparency and value for money. The development of these RFPs is a meticulous process: it will be directly informed by practical insights and best practices gained from documenting private sector engagement modalities and drawing crucial lessons from pilot interventions conducted under Output 2.2.2. This ensures that the RFP documents precisely define the sectors and modalities for private sector involvement, targeting integrated food system value chain-based enterprises across key commodities. Proposals received in response to these RFPs will be rigorously evaluated based on their potential to significantly reduce environmental footprints, mitigate post-harvest losses, and contribute to the project's broader objectives of enhancing biodiversity outcomes, addressing climate change, curbing land degradation, and improving livelihoods, nutrition, and food security. This structured engagement aims to foster resilient and nature-positive agri-food value chains through collaborative investment.

B1. Institutional arrangements and coordination with other initiatives and projects

The project will employ an integrated approach that aligns with the FSIP-GCP and its ToC.

TABLE 2 PROJECT INTERVENTIONS LINKED TO THE GEF8 FOOD SYSTEMS INTEGRATED PROGRAM

GEF-8 Food System IP Components	Project specific interventions
Strengthened enabling environment to catalyze FS transformation at global, regional and national levels	Through multi-stakeholder processes: • Support harmonization of national and <i>dzongkhag</i> policies and regulatory mechanisms to enable data-driven and evidence-based decision-making for the transformation of food systems. • Strengthen national and <i>dzongkhag</i> governance frameworks for fostering collaboration and partnerships across stakeholders.
Improved and increased financing deployed in support of food system transformation	Promote sustainability standards with the improvement of value chains and public-private partnerships that generate market incentives and provide improved access to finance for farming systems while delivering environmental and livelihood benefits. Stimulate investment in NbS to improve farm management and conserve biodiversity and agrifood system diversity. Support the development of targeted commodities.
Environmental benefits leveraged through sustainable management of food systems and landscapes in target countries	Promote gender responsive, climate-smart, and regenerative production practices through improved extension services and on-farm technology that enable farmers to sustainably increase productivity and generate environmental and livelihood benefits.
Knowledge, innovation and M&E	Promote knowledge sharing at national, regional and global levels through relevant platforms.

The project will promote opportunities to share information through the integration of the monitoring, evaluation and learning systems with the FSIP-GCP platform. This will include the systematic capture

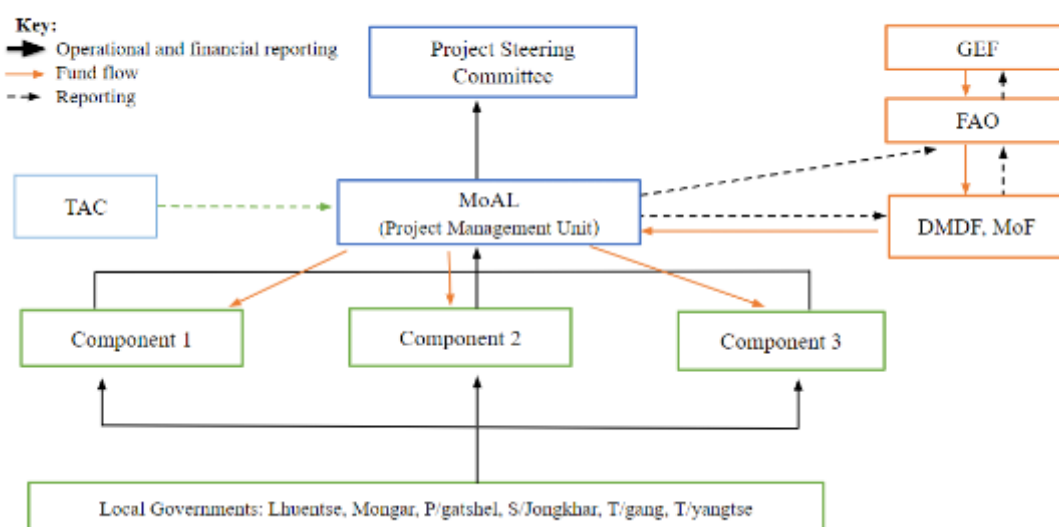
and sharing of information with other landscapes and regional cooperation, including through South-South learning, technical exchanges, intergovernmental cooperation, and participation in knowledge platforms.

MoAL⁵ will act as the lead executing agency and will be responsible for the day-to-day management of project results entrusted to it in full compliance with terms and conditions of the Operational Partnership Agreement signed with the FAO^[1]. As Operational Partner (OP) of the project, the MoAL is responsible and accountable to FAO for the timely implementation of the agreed project activities, operational oversight of implementation, timely reporting, and for effective use of GEF resources for the intended purposes and in line with FAO and GEF policy requirements. As executing agency, the MoAL will:

- Coordinate the implementation of project activities within their respective project sites.
- Ensure effective and timely implementation of the project activities.
- Ensure effective and efficient utilization of resources.
- Prepare and submit physical/technical and financial progress reports to the Project Management Unit (PMU).
- Liaise with the PMU and responsible parties on project implementation.

The project organization structure is as follows:

Project Organization and Fund Flow



The RGoB will designate a Project Director to be located in the MoAL and a project accountant, both to be funded by co-finance. The Project Director will be responsible for overseeing the implementation of the project activities and liaising with central agencies and local governments. In addition, the RGoB will identify one focal person each at the department and *dzongkhag* level.

The GEF will support the costs of the Project Knowledge Management and Communication Officer (KMCO), based in Thimphu, and a Project Manager (PM), M&E Officer, and Administration Assistant, based at PMU in the project landscape. The responsibility of the PMU includes:

- Strategic planning, review, and coordination of project activities.
- Liaise with implementing partners on the smooth implementation of activities

⁵ It should be noted that the identified Operational Partner(s) or OP, results to be implemented by the OP and budgets to be transferred to the OP are non-binding and may change due to FAO internal partnership and agreement procedures which have not yet been concluded at the time of submission of this funding proposal.

- Monitor and report on physical and financial progress of the project activities.
- Consolidate physical/technical and financial reports for submission to the GEF agency (FAO) through the GEF OFP.
- Provide technical support to implementing partners.
- Knowledge management, visibility and communications.

The PM will be responsible for coordinating the activities with all the national bodies related to project components including the local government, as well as with the project partners. He/she will also be responsible for guiding the PMU on government policies and priorities. The PM will be based in the PMU office in the project landscape and will have day-to-day responsibility for project execution.

The Secretary, MoAL will chair the **Project Steering Committee (PSC)**, the main governing body of the project. The PSC will provide strategic guidance to the PMU and implementing partners.

The PSC will comprise Secretary of MoAL (Chair), Director, DoA; Director, DoL; Director, DAMC; Director, DMDF; *Dzongdags* (Governors) from each of the six *dzongkhags*, FAO and Project Director (Member Secretary). Each PSC member will appoint a project Focal Point in their respective agency. The project Focal Points will: (i) technically oversee activities in their sector; (ii) ensure a fluid two-way exchange of information and knowledge between their agency and the project; (iii) facilitate coordination and links between the project activities and the work plan of their agency; and (iv) facilitate the provision of co-financing to the project. The Focal Points will apprise their respective PSC members of the progress, challenges and issues, and on the decisions/guidance required by the project. The PSC will be responsible for but not limited to:

- Approve Annual Work Plans and budgets.
- Supervise all aspects of project implementation and disbursement of funds to the executing entities.
- Review and approve project activities for each executing entity.
- Review project and project status reports to ensure that activities are implemented as planned and that expected outcomes are achieved.
- Provide guidance on effective and efficient utilization of resources.
- Liaise with the RGoB on project implementation and seek policy guidance.

Roles and Responsibilities of Implementing Agency (IA)

FAO will be the GEF Implementing Agency (IA) for the Project, providing project cycle management and support services as established in the GEF Policy. FAO will bring to bear its comparative advantages including: its in-house technical expertise, a wide variety of tools and approaches that enable countries to undertake agrifood system transformation projects, its experience in integrated approaches to sustainable value chain development, technically and socially feasible approaches to sustainable production and natural resource management, ILM, participatory technology development and farmer/community education and its platforms for national partners to share, discuss, and evaluate viewpoints, find common ground, develop common goals and shared principles.

As the GEF IA, FAO holds overall accountability and responsibility to the GEF for the delivery of the results. In the IA role, FAO will utilize the GEF fees to deploy three different actors within the organization to support the project:

- The Budget Holder, the FAO Country Representative for Bhutan, will provide oversight of day-to-day project execution.
- The Lead Technical Officer(s), drawn from across FAO, will provide oversight/support to the project's technical work in coordination with government representatives participating in the PSC.

- The Funding Liaison Officer(s) and the GEF Technical Officers (GTO), within FAO, will monitor and support the project cycle to ensure that the project is being designed and carried out in accordance with FAO and GEF minimum fiduciary and technical standards.

FAO will:

- Administer funds from the GEF in accordance with the rules and procedures of FAO.
- Oversee project implementation in accordance with the project document, work plans, budgets, agreements with co-financiers, Operational Partners Agreement(s) and other rules and procedures of FAO.
- Provide technical guidance to ensure that the appropriate technical quality is applied to all activities concerned.
- Conduct at least one supervision mission per year.
- Report to the GEF Secretariat and Evaluation Office, through the annual Project Implementation Review, the Mid Term Review, the TE and the Project Closure Report on project progress.
- Report on finances to the GEF Trustee.

Will the GEF Implementing Agency play an execution role on this project?

☐ Yes ☒ *No*

Cooperation with ongoing initiatives and projects

The project will seek to leverage synergies between ongoing initiatives and projects and promote cooperation through co-location and sharing of expertise and staffing. To this end, there are several ongoing initiatives and projects with which the project will work with, these include the **Bhutan for Life (BFL)** project which has a focus on maintaining protected areas and biodiversity corridors, and fostering ecotourism with a goal to enhance ecosystem-based adaptation, and the **Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan** project which provides opportunities to share expertise in climate-smart agriculture and sustainable land management practices and rangeland restoration.

Co-location in overlapping geographic areas of these two projects with the GEF project will help streamline resource utilization and bolster community resilience through integrated watershed management and improved governance.

The **Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan** project aims to enhance water and soil management and improve market accessibility, offering opportunities to synergize efforts to diversify eco-tourism and support rural livelihoods. By sharing staffing and expertise in climate-informed agricultural practices and infrastructure development, these projects can collectively enhance the sustainability and economic stability of rural communities.

The **Innovative Adaptation Financing to Build the Resilience and Adaptive Capacity of Smallholder Farmers in Bhutan** project can share expertise in innovative financing and adaptive strategies and amplify the impact on smallholder farmers, improving their resilience to climate change and securing sustainable livelihoods.

The project has captured lessons learnt from GEF-6 GEFID 9199, Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscape and Community Livelihoods (2017-2023) which highlight the need to introduce the concept of biosecurity measures to prevent the spread of harmful pest and disease organisms within the farming systems; to provide insights into market demand, consumer preferences, distribution channels, and pricing strategies and adopt pilot approaches to

practically demonstrate the positive outcomes of technologies. These have been incorporated into the design of project interventions.

Promoting Inclusive, Sustainable, and Resilient agrifood Systems in Bhutan’ programme will support sustainable land management and private partnership model in the RNR sector (e.g. commercial and integrated mega farms established through a PPP model). Cooperation with this project can facilitate upscaling SLM and private sector engagement and businesses based on sustainable agrifood supply chains at landscape level and beyond.

B.2 Table of Core Indicators

Table 2 PROJECT CORE INDICATORS

Project Core Indicators		Expected at CEO Endorsement
1	Terrestrial protected areas created or under improved management (hectare)	0
2	Marine protected areas created or under improved management (hectare)	0
3	Area of land and ecosystems under restoration (hectare) (Pasture and grazing areas)	33,824
4	Area of landscapes under improved practices (hectare)	1,130,746
5	Area of marine habitat under improved practices (hectare)	0
6	Greenhouse Gas Emissions Mitigated (metric ton of CO ₂ e)	Total 1,014,297 793,683 (direct) 220,614 (indirect)
7	Shared water ecosystems under new or improved cooperative management (count)	0
8	Globally over-exploited marine fisheries moved to more sustainable levels (metric ton)	0
9	Chemicals of global concern and their waste reduced (metric ton of toxic chemicals reduced)	0
10	Persistent organic pollutants to air reduced (gram of toxic equivalent gTEQ)	0
11	People benefiting from GEF-financed investments disaggregated by sex (count)	84,419 (40,957 women, 43,462 men)

Calculations were made as follows:

Indicators 3.1- The land cover mapping (LCMP) 2010 - a geospatial map-based dataset on cropland, protected areas and degraded lands - was used to estimate the total area of rangelands within the two target *gewogs* (within Sakteng Wildlife Sanctuary), which are targeted by the project for rangeland restoration. The PIF target for the area of degraded agricultural lands under restoration (3.1) was 12 567 ha and the revised target is 33 824 ha (calculated as 564 ha which includes the actual planned area of on-ground grazing restoration and the project will prepare grazing

(*Tsamdrog*) management plans/guidelines that will cover all remaining *grazing areas for restoration in Merak and Sakteng gewogs* and is estimated at 33 260 ha. The restoration under the management plan will be implemented by communities based on the guidelines, and the project will monitor and support the implementation of the management plan. Restoration activities that will be included in *Tsamdrog*, such as fencing, control of shrubs, reseeding pastures, and early-season pruning/burning to manage weeds and invasive species and stimulate forage regeneration. Pilot leasing programs have complemented traditional grazing rules, reduced uncontrolled tree-logging and overgrazing in adjoining forests^{6 7 8 9}. The project will support rehabilitation and restoration of rangelands within the community and private pasture lands in collaboration with local rangeland management committees. This will involve on-the-ground restoration activities and capacity building to strengthen community stewardship of rangeland resources. Complementary interventions such as the plantation of native fodder species will enhance land use efficiency, increase fodder availability, and reduce pressure on natural rangelands. This is directly linked to Component 2, Output 2.1.1, specifically Activity 2.1.1.1, which focuses on enhanced support for sustainable rangeland management and integrated management of farming systems and has been budgeted accordingly.

Indicators 4.1 and 4.3 - geospatial analysis at the *gewog* level was used to assess areas with high potential to benefit from improved land management. The area that will benefit from landscape-level land use zoning within the six *dzongkhags*, linked to improvements resulting from training by the National Land Commission (NLC) in land zoning, was estimated at 1 107 011 ha (Indicator 4.1). This is directly linked to Component 2, Output 2.1.1, specifically, Activities 2.1.1.7 and 2.1.1.8. Activity 2.1.1.7 will promote sustainable rangeland management by developing community-led grazing plans, restoring degraded pasturelands, and integrating rotational grazing to maintain ecosystem health. Support efficient agricultural land use through climate-resilient farming practices, improved soil and water management, and optimized crop-livestock integration to enhance productivity and sustainability. These efforts aim to reduce land degradation, enhance biodiversity, improve livelihoods, and strengthen the resilience of rural communities. Activity 2.1.1.8 will support innovative research to develop and promote nature-positive agriculture and sustainable rangeland management practices that address land degradation, mitigate human-wildlife conflict (HWC), and strengthen climate adaptation. This includes advancing climate-smart agriculture (CSA) technologies and practices tailored to local conditions, integrating indigenous knowledge, and piloting scalable solutions for enhanced resilience. The research will also inform policies and extension services to mainstream these approaches at the landscape and national levels.

In addition, Activities 3.2.1.12 and 3.2.1.4, including Activity 3.2.1.12, focus on building the capacity of the National Land Commission (NLC) and relevant stakeholders. Empowering the NLC and stakeholders will enable them to support the formulation and implementation of a comprehensive Land Use Zoning Plan for eastern Bhutan which will consider Key Biodiversity Areas (KBA), Protected Areas (PA), Community Forests (CF), Forest Management Units (FMU), Conservation zone and Buffer zone of Heritage sites, Payment for Ecosystem Service (PES) areas, Potential Recharge Areas and water sources, Ramsar Sites, Rangeland areas, in addition to other development areas. These areas identified in the zoning will be accompanied by their respective management regulations that will protect the integrity of these land use functions and hence contribute to GEBs (reducing biodiversity loss, enhancing climate change adaptation, reducing land degradation and land use conflicts). This integrated land use planning, will outline how land is used and managed to meet environmental, economic, and social objectives, specifically

⁶ [Rangeland governance in Bhutan: a digital evolution - ICIMOD Blog](#)

⁷ [How property rights influence equity, efficiency and sustainability of high-altitude rangeland management in Bhutan | Pastoralism | Full Text](#)

⁸ [\(PDF\) Tsamdro \(Rangeland\) as a Source of Livelihood to the People of Bhutan](#)

⁹ [\(PDF\) Collaborative Modeling and Simulation to Mitigate High-Elevation Rangeland Degradation in Eastern Bhutan](#)

designating areas for uses such as agriculture, forestry, urban development, conservation, and industrial zones. Activity 3.2.1.4 will train farmers in environmentally sustainable practices for a resilient food system. This includes using high-quality seeds, appropriate soil fertility methods, integrated pest and disease management, and efficient water management, all of which enhance biodiversity benefits within agricultural landscapes. Further, through agro-silvopastoral interventions, 405 ha of pasture/fodder will be developed in dryland agricultural areas. This activity contributes to Core Indicator 4.1.

The area of landscapes under sustainable land management in production systems (Indicator 4.3), including on-ground terrace development and consolidation, bioengineering, and orchard development on demonstration sites covering 119 ha in five *gewogs*. In addition, it is anticipated that sustainable land management of all dryland agriculture (23 616 ha – 50 percent direct and 50 percent indirect) within all project *gewogs* will be improved through training of farmers on SLM approaches and soil fertility practices (Indicator 4.3). This is directly linked to Component 2, Output 2.1.1 and Outcome 3, Output 3.2.1, specifically, Activity 3.2.1.4, which will empower farmers on SLM practices in the cropland.

Indicator 6 - the Nationally Determined Contribution Expert Tool (NEXT), developed by FAO, was used to calculate GHG mitigation. This is directly linked to Component 2, Output 2.1.1, specifically Activity 2.1.1.1, which focuses on enhanced support for sustainable rangeland management and integrated management of farming systems. Please refer to the summary report of the NEXT analysis below. During the PIF stage, the project sites were not yet defined, therefore, in the GHG calculation, we included forest areas. During the PPG phase, the project areas have been determined, which do not include forest but croplands and rangelands. The change of land type impacted the reduction of the GHG contribution.

As for the forest area inclusion, efforts will be undertaken during implementation to expand the co-financing envelope, which would result in the inclusion of the Department of Forests and Park Services within project implementation and relevant institutional arrangements.

Indicator 11 - consultations with local leaders and farming community members were followed by an assessment of national and *dzongkhag*-level statistics, which allowed an estimation of targets for direct beneficiaries. Direct beneficiaries were estimated as the total population of 23 project *gewogs* and associated urban areas within the project landscape based on the population and housing census (PHCB) 2017. Engagement of producers, aggregators and rolling out of climate-related information services will enable the population in the project area to benefit.



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NEXT

B.3 Key Risks

Risk management is a coordinated set of activities to direct and control an organization concerning risk. It comprises a structured, methodical approach to identifying and managing risks for the achievement of objectives. The project risk log will support monitoring risks and risk mitigation actions throughout implementation. It focuses on both external risks to the project and on the identified environmental and social standards (ESS) of the project. ESS-specific risks are elaborated in further detail in Annex I.

Risks to Achieving Outcomes

The risks that might affect the achievement of the outcomes of the project can be mitigated through effective management and with the support of government staff. Table 3 summarizes the project's risks and the mitigation measures.

TABLE 3 RISKS TO THE PROJECT ACHIEVING OUTCOMES

RISK CATEGORIES	RATINGS	ASSESSMENT AND MITIGATION MEASURES
CONTEXT		
Climate	Moderate	A climate risk screening has been undertaken and mitigation measures such as conducting regular inspection and maintenance of project-supported infrastructure in the climate risk have been built into the project design. Successful implementation of the project will enhance the resilience of biodiversity and livelihoods to the adverse impacts of climate change including through livelihood interventions that focus on climate-smart agriculture and forest use.
Environment and Social	Moderate	Risks and related mitigation actions identified during the ESIA include • Project-related construction of agrifood system infrastructure and installation of value chain equipment can pose potential safety risks to local communities (unlikely). • Support for employment or livelihoods may fail to comply with national and international labor standards • The project could potentially limit women's ability to use, develop and protect natural resources. • Potential adverse impacts on habitats and loss of ecosystem services • Potential to exacerbate HWC • The project may involve the application of pesticides (unlikely) that may have a negative effect on the environment or human health • The project may lead to short term, localized pollution from construction activities. • There is only low potential to involve temporary or permanent and full or partial physical displacement of people. Mitigation measures are articulated in detail in the ESMP, Stakeholder Engagement Plan and GAAP. These include, preparation of detailed implementation plans, careful site selection, adherence to regulations and government plans, support to local groups and committees, training and awareness raising, encouraging participation of women and youth, following FAO and WHO guidelines on good pesticide practices and personal protection during pesticide handling (2001 and 2020 codes), promoting ISFM, avoiding land management on steep slopes, using only qualified machine operators, mapping of religious and cultures sites in consultation with the community and avoiding these sites, conducting soil tests in key areas to determine fertilizer needs and provide farmers with site-specific recommendations, integrating climate-resilient design features, and incorporating climate suitable and durable materials for infrastructure and HWC work, providing guidance on the need to facilitate drainage and safe disposal of waste material, comply with BFDA standards for operation of farms, ensure compliance with national legislation on recruitment, worker management, health and safety, as well as the Labour Management Plan, abide by Code of Conduct for workers, develop appropriate compensation, resettlement and Livelihood Restoration Plans, follow Chance Find Procedures, ensure that routine inspections and maintenance of infrastructure are carried out to identify and repair any vulnerabilities caused by extreme weather conditions.. Clear communication on gender equality is a key aim of the project. The project includes gender disaggregated requirements for data collection and monitoring. Women farmers and groups of women farmers will be

RISK CATEGORIES	RATINGS	ASSESSMENT AND MITIGATION MEASURES
		specifically supported to link with commodity associations and via gender-inclusive training programs that address their specific needs.
Political and Governance	Low	Awareness raising among decision makers combined with a strong stakeholder involvement plan. Key government agencies at national and <i>dzongkhag</i> levels will be members of the project steering committee. Clear project institutional arrangements that specify the roles and responsibilities of those concerned as set out in the national guidelines that are supported by the project. Lessons learned from the National Land Commission in relation to land zoning will be incorporated into the project activities.
INNOVATION		
Institutional and Policy	Low	The RGoB is committed to protecting its ecosystems while promoting sustainable food systems and livelihoods. However, gaps in linking national policies with local implementation at the <i>dzongkhag</i> and <i>gewog</i> levels persist due to limited coordination, regulatory challenges, and weak multi-stakeholder engagement. The project will seek to address this through a focus on improving <i>dzongkhag</i> and <i>gewog</i> regulatory, planning, and institutional mechanisms including via multi-stakeholder dialogues, where there will be representation from 6 target <i>dzongkhags</i>, for better coordination and enhance the operationalization of national policies at the local level. A robust monitoring system will ensure effectiveness and accountability.
Technological	Low	The technological aspects of the project include digital systems that are already operating in the country such as internet and mobile phone technologies. The penetration of mobile phones and the internet into remote areas of the project will limit the application of some outputs in these locations. Technologies for improving farm value chains are based on existing approaches. Technologies for intensifying production (land terracing and greenhouses) have already been demonstrated in the area and lessons from there and from other sources nationally and through the FSIP will be applied to mitigate risks. The ESMP includes risk mitigation requirements for the use of technology and machinery. The use of technology for rangeland improvement will be minimal. The use of technology such as improved seed and improved livestock breeds will follow national standards and best practice.
Financial and Business Model	Low	Stakeholder engagement, particularly private sector participation in value chains, faces risks due to market uncertainties, investment barriers, and coordination challenges. Farm producer organizations may struggle with market access, finance, and technical support. The project will work in close consultation with other projects, government agencies and private sector entities that are focused on sustainable value chains to identify risks and opportunities with commodity prices and support farm producer organizations to identify and select commodities and value chains that minimize risk, are gender responsive, climate resilient and biodiversity friendly. If there are changes in co-finance, partners will seek alternative options while ensuring continuity and fairness of resource allocations to ongoing initiatives in the six <i>dzongkhags</i>.
EXECUTION		
Capacity for Implementation	Moderate	The project has been designed through consultation with key stakeholders while taking into consideration the capacities and capabilities at national, <i>dzongkhag</i> and <i>gewog</i> levels to implement

RISK CATEGORIES	RATINGS	ASSESSMENT AND MITIGATION MEASURES
		project activities and outputs. However, there is a risk of limited knowledge of GEF project implementation due to attrition in the civil service (civil servants with GEF project implementation experience leaving the system). Targeted capacity development activities are included in relevant components and will be also strengthened during the implementation phase. Further, a technical advisory committee and PSC through regular monitoring and reporting mechanisms will enable timely course correction where capacity is lacking. FAO has a strong reputation for technical assistance and will ensure adequate technical, operational and financial oversight of the project.
Fiduciary	Low	The project will follow RGoB and FAO financial management and procurement rules and be regularly audited, and spot checked. Fiduciary arrangements will be monitored regularly by the PSC and FAO.
Stakeholder	Moderate	The project will apply a robust stakeholder engagement strategy and ensure effective identification of and negotiation with interested community members. Approaches and production technologies and techniques will be carefully matched with the specific local needs and opportunities to ensure highly targeted and sustainable impacts. Interventions will be based on needs expressed by community stakeholders. The project will secure agreements with the key stakeholders to collect, and supply required data and information and requirements for the project to provide compiled data back to data custodians.
Overall Risk Rating	Moderate	The risks to the project that have been identified can be mitigated through effective management by the project and through the support of government staff and the project governance system.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

The project is aligned to Bhutan's 13th FYP, which aims to increase the Primary Sector GDP (Agriculture and Livestock) from Nu. 31 billion in 2023 to Nu. 50 billion by 2029 through high-value agriculture and livestock production, processing, and marketing. The project will directly contribute to this objective by increasing farmer incomes, enhancing national food security, and supporting the production and export of high-value commodities such as dairy, avocado, buckwheat, potato, quinoa, maize, and beans through targeted support to agri-food value chains, products development, development of standards and certification mechanisms for targeted markets and required capacity enhancement. Specifically, project focus on value chain development and market access directly supports the FYP's goal of increasing Primary Sector GDP through enhanced marketing of agricultural products

As outlined in Table 4, the project outputs are also strategically mapped to specific outputs and initiatives within the MoAL's 13th FYP, ensuring a synergistic contribution across multiple thematic areas.

TABLE 4 ALIGNMENT OF THE PROJECT OUTPUTS WITH THE 13TH FYP

Project output	MoAL's 13 th FYP Outputs	MoAL's 13 th FYP Projects
1.1.1 Policies, plans, regulations, and investment guidance	1.1 Regulatory frameworks streamlined	5. Improving Business Ecosystem

Project output	MoAL's 13th FYP Outputs	MoAL's 13th FYP Projects
harmonized to promote sustainable food systems.		
1.1.2 Standards and certification developed to meet export market requirements for sustainable agricultural products	Output 3.3: Marketing of agriculture and livestock commodities increased	3. Promotion of high-value products for export markets. 5. Improving Business Ecosystem
2.1.1: Enhanced support for sustainable production of food and integrated management of farming systems within a framework of ILM	3.1 Agricultural production enhanced 3.2 Livestock production enhanced	1. Promotion of Large-scale commercial farming 2. Building resilience of smallholder farmers 4. Enhancing ecosystem services from sustainable and resilient biodiversity initiatives
2.2.1 Public-private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive	2.1 Agricultural & marketing Infrastructures and facilities strengthened 3.4 Biodiversity conservation, product development and bioprospecting strengthened	1. Promotion of Large-scale commercial farming
2.2.2 Agrifood value chain enterprises promote environmentally sustainable, resilient and gender responsive agricultural and livestock products	2.1 Agricultural & marketing Infrastructures and facilities strengthened 3.3: Marketing of agriculture and livestock commodities increased	1. Promotion of Large-scale commercial farming 3. Promotion of high-value products for export markets
3.1.1 Monitoring mechanism with sustainability dimensions optimize effective, efficient and results-based adaptive management of agrifood system transformation.	1.2 Governance mechanism improved	5. Improving Business Ecosystem
3.2.1 Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation and behaviour change.	1.2: Governance mechanism improved	5. Improving Business Ecosystem

Bhutan has a strong national policy framework in relation to environmental sustainability and food security with a clear emphasis on environmentally sustainable development and ensuring food self-sufficiency and economic self-reliance. Bhutan's philosophy, Gross National Happiness (GNH), guides its socioeconomic development, including RGoB's aims to attain sustainable and equitable economic development, protect the environment, and promote culture and good governance. The RGoB is committed to transforming the food system through an integrated approach, as clearly set out in the

NFSPs, and demonstrated through the National Organic Program and the Agriculture Research and Development program.

The NFSPs propose transformative pathways to a food system that contributes positively to Bhutanese well-being, environmental sustainability, and economic stability. They aim to ensure Bhutan's food systems remain ecologically benign and carbon neutral. The goal is to ensure that Bhutan's food systems support and enhance the GNH pillars - the sustainable development, conservation of the environment, and the well-being of its citizens. The NFSPs emphasize transition to a more sustainable and self-reliant food system that boosts local production through improved agricultural practices and creates jobs, strengthens rural economies, and reduces poverty enhancing food security and sovereignty for the resilience of local communities.

The NFSPs are) Secure production and smallholder livelihoods 2) Enhance value, standards and markets; 3) Unleash the power of digital tools; 4) Secure financing and de-risk the agri-food sector, 5) Accelerate science and technology, 6) Boost nutrition positive initiatives, 7) Sustain nature first approaches and 8) Build capacity, strengthen coordination and partnerships.

The NFSPs are aligned to Bhutan's 2nd Nationally Determined Contribution (NDC) and LEDS for the agriculture and livestock sectors, support Bhutan's climate change, agriculture and forestry policies, and contribute to MEA and SDG goals (1, 5, 13, and 15).

Bhutan's National Biodiversity Strategy and Action Plan (NBSAP, 2014) is due for updating. The NBSAP targets agriculture and forestry, including rangelands to be managed sustainably.

Bhutan's National Adaptation Plan (NAP) targets include an increased agricultural productivity and food security including through sustainable land management. Bhutan promotes agro-ecological farming practices that conserve natural resources and reduce GHG emissions. Bhutan is party to the Paris Agreement and is carbon neutral. The NDC prioritizes transformation of the agriculture and livestock sector.

The RGoB's decentralized administrative structures provide mechanisms for implementing the 13th FYP in an integrated way.

GEF incremental support will focus on building on the well-developed governance environment by promoting inter-sectoral coordination and enabling mechanisms for implementing the NFSPs, including improving the: (i) implementation of plans, policies and regulations; and (ii) management of trade-offs. The project will encourage the development of sustainable, inclusive and gender-responsive, climate-smart and healthy agrifood systems that will help Bhutan's meet its commitments to MEAs.

TABLE 5 PROJECT CONTRIBUTIONS TO KMGBF TARGETS

Project Outcome and description of how it contributes to the KMGBF targets	KMGBF Goal and targets
1.1: Improved inter-sectoral collaboration mechanisms to support sustainable and healthy agrifood systems pathways. The outcome will support: • The development of participatory, integrated and biodiversity inclusive spatial planning and effective management processes for the target <i>dzongkhags</i> (Target 1) • The integration of biodiversity and its multiple values into policies, regulations, planning and development processes at national and <i>dzongkhag</i> levels (Target 14) • The promotion of sustainable consumption choices (Target 16) • The promotion of full, equitable, inclusive, effective and gender-responsive representation and participation in decision-making (Target 22)	Global target group - Tools and solutions for implementation and mainstreaming Targets 1, 14, 16, 22

Project Outcome and description of how it contributes to the KMGBF targets	KMGBF Goal and targets
2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM). The outcome will support: • Restoration of degraded rangelands and farms to enhance biodiversity and ecosystem functions and services (Target 2) • Promote on-farm and rangeland management actions that mitigate the impact of climate change on biodiversity through NbS (Target 8) • The application of biodiversity friendly practices (intensification, and agroecological approaches, contributing to the resilience and long-term efficiency and productivity, and to food security, conserving and restoring biodiversity and maintaining nature's contributions to people (Target 10) • The restoration and maintenance of ecosystem functions and services, including the regulation of water and climate, soil health, reduction of disease risk, and protection from natural hazards through NbS (Target 11) • A gender responsive approach (Target 23)	Goal B: Biodiversity is sustainably used and managed and nature's contributions to people, including ecosystem functions and services, are valued maintained and enhanced, with those currently in decline being restored, supporting the achievement of sustainable development for the benefit of present and future generations by 2050 Targets 2, 8, 10, 11, 23
2.2: Agrifood system value chains and infrastructure favor sustainable and resilient supply chains. The Outcome will support: • Enhancing the effectiveness, efficiency and transparency of resource provision and use through market-based approaches (Target 19)	Goal D: Adequate means of implementation including financial resources, capacity building, technical and scientific cooperation, access to, and transfer of technology to fully implement the KMGBF are secured and equitably accessible to all Parties, especially developing countries and small island developing states, as well as countries in economic transition, progressively closing the biodiversity financing gap of USD 700 billion per year and aligning financial flows with the KMGBF and the 2050 Vision for Biodiversity Target 19
3.1 Evidence- and results-based adaptive management 3.2: Improved access to knowledge and technical expertise The Outcome will support: • Strengthening capacity and access to technology, and promotion of technical and scientific cooperation through the FSIP (Target 20) • Mobilizing of the best available data, information and knowledge to all key stakeholders to guide the management of biodiversity (Target 21) • A gender responsive approach (Target 23)	Goal D: as above Targets 20, 21, 23

Alignment to the FAO Strategic Framework, SDGs and Country Programming Framework

The project will contribute substantially to the Kunming-Montreal Global Biodiversity Framework as shown in Table 5.

The project will contribute to SDG 1 (End Poverty), 2 (Zero hunger), 5 (Gender Equality), 13 (Climate Action) and 15 (Life on Land) by improving food security and nutrition, building sustainable livelihoods and reducing vulnerability, storing GHGs through improved land management and applying gender responsive approaches and climate-smart agriculture.

The project links to FAO's second strategic objective¹⁰ (*To make agriculture, forestry and fisheries more productive and sustainable*) by supporting sustainable management of the natural resource base, strengthening capacities and systems to support monitoring of natural resources, and through improvements to management interventions.

¹⁰ <https://www.fao.org/3/i8580en/i8580en.pdf>

FAO's Programme Priority Areas (PPAs) guide FAO's work under the four betters to fill critical gaps and put in place the conditions needed to drive the changes that will ultimately contribute to the achievement of the SDG targets. The PPAs respond directly to the issues and challenges emanating from the Corporate Strategic Foresight Exercise, the Regional Conferences, the Technical Committees, and other formal and informal consultation processes. They represent FAO's comparative advantage as a UN-specialized agency in contributing to the 2030 Agenda, bringing together FAO's breadth and depth of technical expertise and knowledge.

The project will contribute to the FAO strategic Framework by supporting the four betters: better production, better nutrition, a better environment, and a better life, leaving no one behind, with a focus on Program Priority Area BE3 (*Biodiversity and ecosystem services for food and agriculture*).

Alignment to Country Programming Framework Priority Areas.

The project will contribute to the FAO's Country Programming Framework as follows:

- **Priority area 1:** Sustainable agrifood systems transformation: accelerating investment, entrepreneurship, product development, and employment in high value agrifood value chains for international markets including through the sustainable use of natural resources.
- **Priority area 2:** Food Security, Safety, and nutrition-sensitive and climate-smart agriculture.
- **Priority area 3:** Sustainable natural resources management, climate change mitigation and adaptation measures, and disaster risk management and preparedness.
- **Priority area 4:** Evidence-based agrifood systems planning and programming at national and local levels.

It will also contribute to the FAO's Regional Initiative/Priority Area: 8. Land restoration (including forest management, land and soil management, biodiversity), Climate Change, and Sustainable Agriculture, and the Hand-in-Hand Initiative and One Country One priority product.

Lessons Learned from Past Projects

Key lessons learned include:

- Farmers are very aware of local conditions, challenges and opportunities and have a strong influence over land-use. Gaining their support through highly participatory, consultative processes is critical to the success of any project.
 - Dependence on natural resources for livelihoods requires any new approach to food systems to be negotiated and to respect the needs and aspirations of participating farmers and communities.
 - Targeted capacity building and investment in skill development and awareness raising activities are needed.
- Bhutan has considerable experience with implementing activities aimed at improving agrifood system production, but efforts to link all steps of the value chain to viable markets have often fallen short of expectations.
- Numerous projects and programs can provide useful lessons on crop diversification, climate resilience and approaches that enable farmers to shift to more sustainable and financially viable approaches.
- Project activities must align with the 13th FYP to gain recognition and Government buy-in.

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed during Project Preparation as per GEF Policy and are clearly articulated in the Project Description (Section B).

☒ Yes ☐ No (If –and only if– NO is selected, a pop-up field should open for the Agency to provide an explanation)

1) Does the project expect to include any gender-responsive-measures to address gender gaps or promote gender equality and women's empowerment?

☒ Yes ☐ No

If the project expects to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment, please indicate in which results area(s) the project is expected to contribute to gender equality:

☒ closing gender gaps in access to and control over natural resources;

☒ improving women's participation and decision-making; and/or

☒ generating socio-economic benefits or services for women.

2) Does the project's results framework or logical framework include gender-sensitive indicators?

☒ Yes ☐ No ☐ tbd

The gender analysis and action plan (Annex K) provides a comprehensive framework for mainstreaming gender equality throughout the five-year GEF-8 project in Bhutan, which targets six eastern dzongkhags. It identifies key gender disparities in agriculture and food systems, including limited access to inputs, markets, extension services, and decision-making by women, despite their significant role in farming. Risks such as increased gender-based violence (GBV) due to shifting power dynamics and economic participation are also highlighted. The action plan integrates gender considerations across all project components—policy, value chain transformation, and adaptive management—by promoting inclusive participation, gender-responsive technologies, and GBV/SEAH safeguards. Key stakeholders include national and local government agencies (e.g., MoAL, NCWC), CSOs (e.g., RENEW), and the FAO. A dedicated Gender Expert (USD 54 000 allocated) will support implementation and monitoring, ensuring gender targets are tracked and reported.

Key actions needed include:

- Strengthening gender-responsive policy instruments and decision-making platforms;
- Promoting women's leadership and enterprise in agrifood systems;
- Integrating sex-disaggregated data in monitoring tools;
- Training stakeholders on GBV/SEAH mitigation;
- Ensuring women's inclusion in all project interventions and market opportunities.

Stakeholder Engagement

We confirm that key stakeholders were consulted during Project Preparation as required per GEF policy, their relevant roles to project outcomes have been clearly articulated in the Project Description (Section B) and that a Stakeholder Engagement Plan has been developed before CEO endorsement.

☒ Yes ☐ No

Select what role civil society will play in the project:

Consulted; ☒ Yes ☐ No

Member of Advisory Body; Contractor; ☒ Yes ☐ No

Co-financier; ☒ Yes ☐ No

Member of project steering committee or equivalent decision-making body; ☐ Yes ☒ No

Executor or co-executor; ☒ Yes ☐ No

Other (Please explain) ☐ Yes ☐ No

The Stakeholder Engagement Plan (SEP) for the GEF-8 “Productive and Sustainable Food Systems in Bhutan” project outlines a comprehensive, inclusive, and participatory approach to engage diverse stakeholders across national, regional, and community levels. Please refer to Annex J, and specifically to Section 5 of the attached FSIP Project Stakeholder Engagement Plan. The project targets 23 gewogs across six eastern dzongkhags and involves over 60 stakeholder groups, including government ministries (MoAL, MoENR, MoF, MoH), CSOs, private sector actors, youth and women groups, and vulnerable communities such as the Brokpa. Extensive national and local consultations were conducted through task force meetings, regional workshops, and community dialogues involving 486 participants. Key concerns raised include human-wildlife conflict, limited market access, water scarcity, climate vulnerability, mechanization, and youth migration.

The SEP commits to principles of Free, Prior and Informed Consent (FPIC), gender equality, and transparency. Key actions include integrating stakeholder feedback into project design (e.g. land development, value chain support, rangeland restoration), continuous engagement through training and community meetings, and ensuring inclusive governance. The PMU under MoAL will lead SEP implementation, with focal officers at national and gewog levels, supported by FAO. SEP-related activities are budgeted within the project, with cost-sharing expected from RGoB for additional consultations. A detailed monitoring, reporting, and grievance mechanism is also included to ensure accountability and course correction throughout the project lifecycle.

Private Sector

Will there be private sector engagement in the project?

☒ Yes ☐ No

And if so, has its role been described and justified in section B “project description”?

☒ Yes ☐ No

E. OTHER REQUIREMENTS

E.1 Knowledge Management and Communication

The project's knowledge management strategy will support sharing of knowledge and innovation, including within and between *gewogs* and *dzongkhags*, at national level and within the region and globally. It will align with the GEF Knowledge Management and Learning Strategy.

The project will promote opportunities to share information through the integration of the project monitoring, evaluation and learning systems with the FSIP-GCP's Knowledge Management, Learning and Outreach (KMLO) hub and knowledge management strategy. This will include the systematic capture and sharing of information to other landscapes through improved monitoring frameworks.

It will support regional cooperation, including South-South learning, technical exchanges, intergovernmental cooperation, knowledge management, and communication, through linkages to national, regional, and global hubs/resources, promoting the management and exchange of data and knowledge, and the stimulation of innovation and scaling up. It will maintain effective links with FAO in relation to agrifood systems, including (i) FAO resource hubs, and (ii) FAO platforms on crops. It will support links to regional and global hubs/resources on agrifood systems and landscape management, particularly the FSIP-GCP through knowledge exchanges organized by the global platform and country specific opportunities for learning and exchange with FSIP cohort members.

The project will develop country-specific contributions to documenting best practices and lessons learned through publications and other knowledge products, supporting adaptive management based on feedback from project implementation. Project activities will aim to strengthen partnerships with regional and global vertically integrated private companies, civil society organizations and research centers, particularly through engagement with the International Maize and Wheat Improvement Center, and the Global Dairy Platform.

E.2 Socio-economic Benefits and Decent Rural Employment

The project will ensure that project staff adhere to both national employment and labour laws, as well as international commitments, and will increase the protection and promotion of worker health and safety. This includes providing occupational safety and health training as well as child labour prevention in agriculture.

Socioeconomic benefits include:

- Improved governance and enabling environment at national, *dzongkhag* and *gewog* levels through a national level multi-stakeholder platform and by engaging the private sector in environmentally sustainable, targeted crop, vegetable and livestock value chains.
- Enhanced gender equality and engagement of women and youth in agrifood systems.
- Enhanced income generation through enhanced improved agrifood value chains
- Improved capacity of farmers and SMEs to apply NbS and ILM, engage in environmentally sustainable value chains and meet food standard and certification requirements.
- Increased carbon sequestration.
- Reduced land degradation, improved biodiversity conservation, and enhanced resilience to climate change impacts through NbS and ILM and protection of rangelands and watersheds.
- Improved dairy breeds that lead to both GEBs and sustainable production values through reduced herd size, linked to improved management of rangelands, reduced HWC and reduced GHG emissions.

- Improved poultry breeds and management of poultry to reduce risk of disease including biosecurity risks to wildlife.

The project has a strong focus on improving environmentally sustainable rural livelihoods including by generating livelihood benefits through value chains, and markets. See Table 6. Improved agrifood value chains may enhance employment opportunities, but they will not be directly monitored as employment creation is not the main focus of the project. Instead, it'll be monitored through indicators (GEF Core Indicator 11) such as “No of farmers benefiting from rangeland, restoration fodder resources development and sustainable agriculture”, “No. of women and men trained in environmentally sustainable agri-business and enterprise management”, “No. of enterprises on environmentally sustainable agrifood value addition and logistics established”

TABLE 6 PROJECT SUPPORT TO DECENT RURAL EMPLOYMENT

Prioritized Groups – Farmers and SMEs with a focus on women and youth and environmentally sustainable management	
Pillar 1: Employment-creation and enterprise-development	- Participatory analyses with vulnerable groups on employment related to agrifood systems. - Consultation with relevant groups ○ Support women and men farm producers in accessing Fair markets and environmentally sustainable value chains, and training, financial services, and other productive assets - Provide Market Analysis and Development training. - Implement training for government agencies and project partners to enable them to undertake participatory, gender responsive, NbS approaches with communities.
Pillar 2: Social protection	- Share institutional innovations and good practices of organized collective action (n/a)
Pillar 3: Standards and rights at work	- Support socially responsible environmentally sustainable agrifood production to reduce gender and age-based discrimination. - Promote compliance with national labor legislation. - Address constraints of women, youth, and other specific groups of workers in getting organized
Pillar 4: Governance and social dialogue	- Promote inclusive participation of local people, particularly women. - Support farmers and SMEs to strengthen networks of producers and workers. - Build the capacity of farmers and SMEs to organize into legalized associations and women to undertake leading positions. - Share knowledge on climate-resilient agricultural management.

ANNEX A: FINANCING TABLES

GEF Financing Table

Trust Fund Resources Requested by Agency(is), Country(is), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in USD)		
					GEF Project Financing (a)	Agency Fee (b)	Total (c) a+b
FAO	GEFTF	Bhutan	Biodiversity	BD STAR Allocation	3,594,725	323,525	3,918,250
FAO	GEFTF	Bhutan	Land Degradation	LD STAR Allocation	1,797,362	161,763	1,959,125
FAO	GEFTF	Bhutan	Climate Change	CC STAR Allocation	1,797,362	161,763	1,959,125
FAO	GEFTF	Bhutan	Biodiversity	BD IP Matching Incentive	1,198,242	107,842	1,306,083
FAO	GEFTF	Bhutan	Land Degradation	LD IP Matching Incentive	599,121	53,921	653,042
FAO	GEFTF	Bhutan	Climate Change	CC IP Matching Incentive	599,121	53,920	653,042
Total GEF Resources					9,585,933	862,734	10,448,667

Sources of Funds for Country STAR Allocation

GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area	Source of Funds	Total (USD)
FAO	GEF TF	Bhutan	Biodiversity	BD STAR Allocation	4,000,000
FAO	GEF TF	Bhutan	Land Degradation	LD STAR Allocation	2,000,000
FAO	GEF TF	Bhutan	Climate Change	CC STAR Allocation	2,000,000
Total GEF Resources					8,000,000

Focal Area Elements

Programming Directions	Trust Fund	(in USD)	
		GEF Project Financing	Co-financing
Food System Integrated Program	GEF TF	9,585,933	49,662,083
Total Project Cost		9,585,933	49,662,083

Confirmed Co-financing for the project, by name and type

Please include evidence for each co-financing source for this project in the tab of the portal

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount (USD)
Government	DOA	In-kind	Recurrent expenditures	2,847,924
Government	DOL	In-kind	Recurrent expenditures	2,252,872
Government	DAMC	In-kind	Recurrent expenditures	207,873
Government	BFDA	In-kind	Recurrent expenditures	551,270
Government	PPD	In-kind	Recurrent expenditures	677,653
Government	Lhuentse District	In-kind	Recurrent expenditures	593,000
Government	Mongar District	In-kind	Recurrent expenditures	970,000
Government	Pemagatshel District	In-kind	Recurrent expenditures	853,000
Government	Samdrup Jongkhar District	In-kind	Recurrent expenditures	697,000
Government	Trashigang District	In-kind	Recurrent expenditures	1,057,000
Government	Trashiyangtse District	In-kind	Recurrent expenditures	531,000
Government	DOA	Cash	Investment Mobilized	35,606,988
Government	DOL	Cash	Investment Mobilized	2,187,000
Government	DAMC	Cash	Investment Mobilized	211,000
Government	BFDA	Cash	Investment Mobilized	419,000
Total Co-financing				49,662,083

The details of co-financing by component/outcome and outputs wise is provided below:

Project Components/ Outcome	Outputs	GEF Financing (USD)	Total Co-financing (M USD)	Investment Mobilized (M USD)	Type	In-kind (M USD)	Source of co-financing	Name of co-financier
Component 1: Supportive enabling conditions for sustainable and healthy food systems								
Outcome 1.1: Improved inter-sectoral collaboration mechanisms to support sustainable and healthy agrifood	1.1.1: Policies, plans, regulations, and investment guidance harmonized to promote sustainable food systems.	338,500	3.850412	0.514	Grant	1.806	Policy & Planning Division, Ministry of Agriculture and Livestock Bhutan Food & Drug Authority Department of Livestock Department of Agriculture	Royal Government of Bhutan (RGOB)

Project Components/ Outcome	Outputs	GEF Financing (USD)	Total Co-financing (M USD)	Investment Mobilized (M USD)	Type	In-kind (M USD)	Source of co-financing	Name of co-financier
systems pathways							Marketing and Cooperatives	
	1.1.2: Standards and certification developed to meet export market requirements for sustainable agricultural products	1,113,385		0.628	Grant	0.903	Policy & Planning Division, Ministry of Agriculture and Livestock Bhutan Food & Drug Authority Department of Livestock Department of Agriculture Marketing and Cooperatives	Royal Government of Bhutan (RGOB)
Component 2: Transformation of food systems at farm, landscape and value chain levels								
Outcome 2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM)	2.1.1: Enhanced support for sustainable production of food and integrated management of farming systems, within a framework of ILM	3,408,338	41.772145	14.903	Grant	0.903	Department of Agriculture Department of Livestock Department of Agriculture Marketing and Cooperatives LGs in six project landscape: Lhuentse, Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse	Royal Government of Bhutan (RGOB)
Outcome 2.2: Agrifood system value chains and infrastructure favor sustainable and resilient supply	2.2.1: Public-private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive	251,115		16.766	Grant	1.806	Department of Agriculture Department of Livestock Department of Agriculture Marketing and Cooperatives LGs in six project landscape: Lhuentse,	Royal Government of Bhutan (RGOB)

Project Components/ Outcome	Outputs	GEF Financing (USD)	Total Co-financing (M USD)	Investment Mobilized (M USD)	Type	In-kind (M USD)	Source of co-financing	Name of co-financier
chains							Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse	
	2.2.2: Agrifood value chain enterprises promote environmentally sustainable, resilient and gender responsive agricultural and livestock products	2,236,904		5.589	Grant	1.806	Department of Agriculture Department of Livestock Department of Agriculture Marketing and Cooperatives LGs in six project landscape: Lhuentse, Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse	Royal Government of Bhutan (RGOB)
Component 3: Adaptive management and knowledge								
Outcome 3.1.Evidence - and results-based adaptive management	3.1.1: Monitoring mechanism with sustainability dimensions optimize effective, efficient and results-based adaptive management of agrifood system transformation.	474,400	1.829996	0.014	Grant	0.451	Policy & Planning Division, Ministry of Agriculture and Livestock Bhutan Food & Drug Authority Department of Agriculture Department of Livestock Department of Agriculture Marketing and Cooperatives LGs in six project landscape: Lhuentse, Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse	Royal Government of Bhutan (RGOB)

Project Components/ Outcome	Outputs	GEF Financing (USD)	Total Co-financing (M USD)	Investment Mobilized (M USD)	Type	In-kind (M USD)	Source of co-financing	Name of co-financier
Outcome 3.2 Improved access to knowledge and technical expertise	3.2.1: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation and behavior change	1,027,691		0.010	Grant	1.354	Policy & Planning Division, Ministry of Agriculture and Livestock Bhutan Food & Drug Authority Department of Agriculture Department of Livestock Department of Agriculture Marketing and Cooperatives LGs in six project landscape: Lhuentse, Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse	Royal Government of Bhutan (RGOB)
M&E	M&E	279,200						
Subtotal		9,129,533	47.452553					
Project Management Cost (PMC)		456,400	2.209530			2.210	Policy & Planning Division, Ministry of Agriculture and Livestock	Royal Government of Bhutan (RGOB)
Total Project Cost		9,585,933	49.662083	38.423		11.239		

Investment mobilized from co-financing

Based on the discussions with the co-financiers and the commitment letter, the RGoB has pledged a co-financing contribution to this project, drawn from ongoing government programmes. Cash co-financing will support the development and maintenance of irrigation channels, community-level farms, human-wildlife conflict management and food security interventions by the DoA. The co-financing from the DoL includes dairy, piggery, and poultry sector development, strengthening of production farms, and linking farmers to markets. The Department of Agricultural Marketing Cooperatives co-financing pertains to new market exploration and facilitating domestic and export markets.

ANNEX B: RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S)



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ANNEX C: RESULTS FRAMEWORK

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
Project Objective: “To improve the enabling environment and ensure the long-term environmental sustainability of food systems and the delivery of the global environmental benefits (GEBs)							
Component 1: Supportive enabling conditions for sustainable and healthy food systems							
Outcome 1.1: Improved inter-sectoral collaboration mechanisms to support sustainable and healthy agrifood system transformation pathways	Inter-sectoral coordination forum for food system transformation established at national level	Inter-sectoral collaboration mechanisms do not exist at national level	National intersectoral collaboration forum established	Functional National inter-sectoral collaboration forum	Reports Minutes of meetings	Sectoral actors are willing to collaborate	PMU
	Number of environmentally sustainable agrifood products certified to international standards for export	Certification of dairy milk, cage-free eggs and yak products to specified standards is yet to be developed	One agrifood product certified to specified standards for export	Three agrifood products certified to specified standards for export	Certification standard	Government has the capacity to develop certification to meet targeted international standards	PMU
Output 1.1.1: Policies, plans, regulations, and investment guidance harmonized to promote sustainable food systems.	Inter-sectoral coordination forum for food system transformation exists	Inter-sectoral collaboration mechanisms do not exist at national level	National intersectoral collaboration forum established	National inter-sectoral collaboration forum functioning	Reports Minutes of meetings	Sectoral actors are willing to collaborate	PMU
	Number of policy reviews carried out within a SEA framework	0	1	2	Impact assessment reports	Innovative and environmentally sustainable input supply solutions for food system resilience and global environmental benefits can be identified	PMU

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
Output 1.1.2: Standards and certification developed to meet export market requirements for sustainable agricultural products	Number of international agri market standards assessments completed	0 countries	3 countries	6 countries	Reports	PMU can complete assessments in a timely manner	PMU
	Number of environmentally sustainable agrifood products certified to specified standards for export	0	1	3	Certification standard	BFDA has the capacity to develop the standards and complete the certification process before end of project	BFDA
Component 2: Transformation of food systems at farm, landscape and value chain levels							
Outcome 2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM)	Metric tons of CO2e mitigated (Core Indicator 6)	0	63,102	1,014,297 tonnes	Calculation from NEXT	Improved farm management practices based on NbS enhance GHG mitigation and support delivery of GEBs	PMU
	Area of landscapes under improved practices (Core Indicator 4)	0	0	1,130,746 ha	GIS assessment Reports	Improved farm management practices based on NbS enhance GHG mitigation and support delivery of GEBs	PMU
Output.2.1.1: Enhanced support for sustainable production of food and integrated management of farming systems within a framework of ILM	Area of land and ecosystems under restoration (Core Indicator 4)	0	0	1,130,746 ha	Geospatial analysis Reports from <i>dzongkhags</i>	Farmers (women and men) are willing and able to adopt SLM practices that support biodiversity	PMU DoL Sakteng WS staff <i>Dzongkhags</i>
The following rows are the details of the above total figures for area covered under Output 2.1.1							

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
	Area of landscapes under improved management to benefit biodiversity (Core Indicator 4.1)	0	500,000 ha	1,107,011 ha	Reports from <i>dzongkhags</i>	Farmers (women and men) are willing and able to adopt SLM practices that support biodiversity	PMU DoL DoA <i>Dzongkhags</i>
	Area of landscapes under sustainable land management in production systems (Core Indicator 4.3)	0	10,000 ha	23,735 ha <i>{119 ha of SLM activities (2.1.1.6, 2.1.1.7 & 2.1.1.9) 23,616 ha (23,735 ha minus 119 ha) resulting from training farmers on SLM approaches (3.2.1.4)}</i>	Land ownership data (LULC, 2010) Report on SLM Training reports	Farmers (women and men) are willing and able to adopt SLM practices that support biodiversity conservation and climate resilience	PMU DoL DoA <i>Dzongkhags</i>
	Area (ha) covered by grazing (<i>Tsamdrog</i>) management plans/guidelines in Merak and Sakteng <i>Gewogs</i> (Core Indicator 3.1)	0	10,000 ha	33,260 ha	Geospatial analysis Sakteng WS reports	Sakteng Wildlife Sanctuary staff support the herders	Sakteng WS staff Trashigang <i>Dzongkhag</i>
	Degraded rangeland areas (ha) under rangeland restoration (Core Indicator 3.1)	0	125 ha	564 <i>{283 ha in Merak + 281 ha in Sakteng involving 560 HH}</i>	Geospatial analysis Sakteng WS reports	Sakteng Wildlife Sanctuary staff support the herders	Sakteng WS staff Trashigang <i>Dzongkhag</i>
	Area of pasture/fodder developed in dryland agriculture areas through agro-silvopastoral interventions (Core Indicator 4.1)	0	200 ha	405 ha <i>{in Minjey, Silambi, Jurmey, Decheling, Martshala, Yangnyar, Khamdang, Bumdeling, Ramjar}</i>	Land ownership data (LULC) Report on SLM	Farmers (women and men) are willing to undertake pasture/fodder development	PMU DoL
	No of farmers (disaggregated by gender) benefiting from rangeland, restoration fodder resources development and sustainable agriculture (Core Indicator 11)	0	44,251	84,419 (Women: 40,957, Men: 43,462)	Reports	Farmers (women and men) are willing to undertake pasture land improvement and SLM	PMU DoL Sakteng WS Trashigang <i>Dzongkhag</i>
Outcome 2.2: Agrifood system value chains and infrastructure favor sustainable and resilient supply chains	No. of climate-resilient and sustainable value chain enterprises established	Value chains exist, but are generally under-developed, not focused on environmental	4	7	Reports	Farmers (women and men), SMEs and the private sector are willing to collaborate on improving value	PMU DoL DoA <i>Dzongkhags</i>

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
		sustainability, provide low value returns to individuals, HH and enterprises, and business skills are weak				chains and associated infrastructure.	
Output 2.2.1 Public private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive	No. of women and men trained in environmentally sustainable agribusiness and enterprise management <i>{Training of trainers on Enterprise Development and Agribusiness Management = 90, Training of farmers, farmer groups, youth¹¹ groups, cooperatives and interested individual entrepreneurs on enterprise development and agribusiness management = 920, Training of farmers and entrepreneurs on packing technologies = 600}</i> <i>At least 40% of the total participants will be women.</i>	0	1,610	1,610	Reports	Farmers, SMEs and the private sector are willing to collaborate on improving value chains and associated infrastructure.	PMU DoL DoA Dzongkhags
Output 2.2.2: Agrifood value chain enterprises promote environmentally sustainable, resilient and gender responsive agricultural and livestock products	No. of enterprises on environmentally sustainable agrifood value addition and logistics established <i>{1 Yak Dairy Product processing enterprise at Merak/Sakteng, 1 juice processing plant at Shumar revived, 1 Integrated Aggregation Center for Potato, Quinoa and maize in Langchenphu, 1 Aggregation Center for dairy and eggs in Deothang, 1 Aggregation Center in Lingmithang, Mongar expanded, 1 food value chain</i>	0	4	7	Reports	Farmers, SMEs and the private sector are willing to collaborate on improving value chains and associated infrastructure.	PMU DoL DoA Dzongkhags

¹¹ In Bhutan, youth are defined as people between the ages of 13 and 24. This definition is used in the country's National Youth Policy. The project targets the age group between 15-35 years to cover the younger population to support entrepreneurship as target beneficiaries while priority will be paid to the age group between 15-24 years.

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
	<i>logistics enterprise & 1 agrifood product branding, packaging and designing supported}</i>						
Component 3: Adaptive management and knowledge							
Outcome 3.1: Evidence- and results-based adaptive management	Food system dashboard, including gender disaggregated data, operationalized and accessible	0	Food system dashboard designed and data inputs organized	Food system dashboard operationalized and accessible	Reports	Project monitoring and knowledge products are relevant and useful to stakeholders	PMU DoL DoA <i>Dzongkhags</i>
Output 3.1.1: Monitoring mechanism with sustainability dimensions optimize effective, efficient and results-based adaptive management of agrifood system transformation.	Food system dashboard, including gender disaggregated data, operationalized and accessible	0	Food system dashboard designed and data inputs organized	Food system dashboard operational	Reports	The food system dashboard is relevant and useful to farmers and government agencies in applying adaptive management to agrifood system transformation	PMU DoL DoA Dzongkhags
Outcome 3.2: Improved access to knowledge and technical expertise	No. of knowledge products developed and available on website of MoAL	0	7	15	Knowledge products use survey Disseminated materials Reports from FSIP-GCP	Project knowledge materials and approaches are relevant and useful to stakeholders	PMU

Results chain	Indicators	Baseline	Mid-term target	Final target	Means of verification	Assumptions	Responsible for data collection
Output 3.2.1: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation and behavior change	Knowledge exchange and collaboration linkages to the FSIP-GCP and other FSIP countries established	0	Knowledge exchange and collaboration linkages to the FSIP-GCP and other FSIP countries and others is functioning	Knowledge exchange and collaboration linkages to the FSIP-GCP and other FSIP countries established	Project reports Reports from FSIP-GCP	Project staff are willing to collaborate with FSIP-GCP	PMU
	NLC officials capacitated to carry out Land Use Zoning for eastern Bhutan	0	200	200	Progress Reports	Staffs are willing to get trained	PMU

ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT

Project Preparation Activities Implemented	GETF/LDCF/SCCF Amount (USD)		
	Budgeted Amount	Amount Spent To date	Amount Committed
Personnel (GEF Project Design Expert, Geospatial Expert, PPG Coordinator, Food Systems Specialist, Gender Specialist, Social and Environmental Safeguard Specialist, Technical Specialist (value chain development and EFA)	137 000	114 057	21 917
Travel (field visits, international/national travel of PPG team)	40 000	42 253	0
Meetings/Trainings (stakeholder consultations, inception/validation workshops)	19 500	18 273	0
Contract (data collection)	3 500	0	3 500
Total	200 000	174 583	25 417

The remaining balance of USD 25 417 will be allocated as follows:

- Conduct coordination meetings with operational partners to develop an Operational Partner Agreement (OPA). Implementation modality between the FAO and the government has been agreed as Operational Partner Implementation Modality, where OPA has to be drawn between the Implementing Agency and the Executing Entity (USD 9 217)
- Conduct meetings with National Taskforce Members to review and incorporate further comments from the GEF Secretariat in Paro (USD 8 200)
- Hire experts to address further comments from stakeholders (USD 8 000)

ANNEX E: PROJECT MAP AND COORDINATES

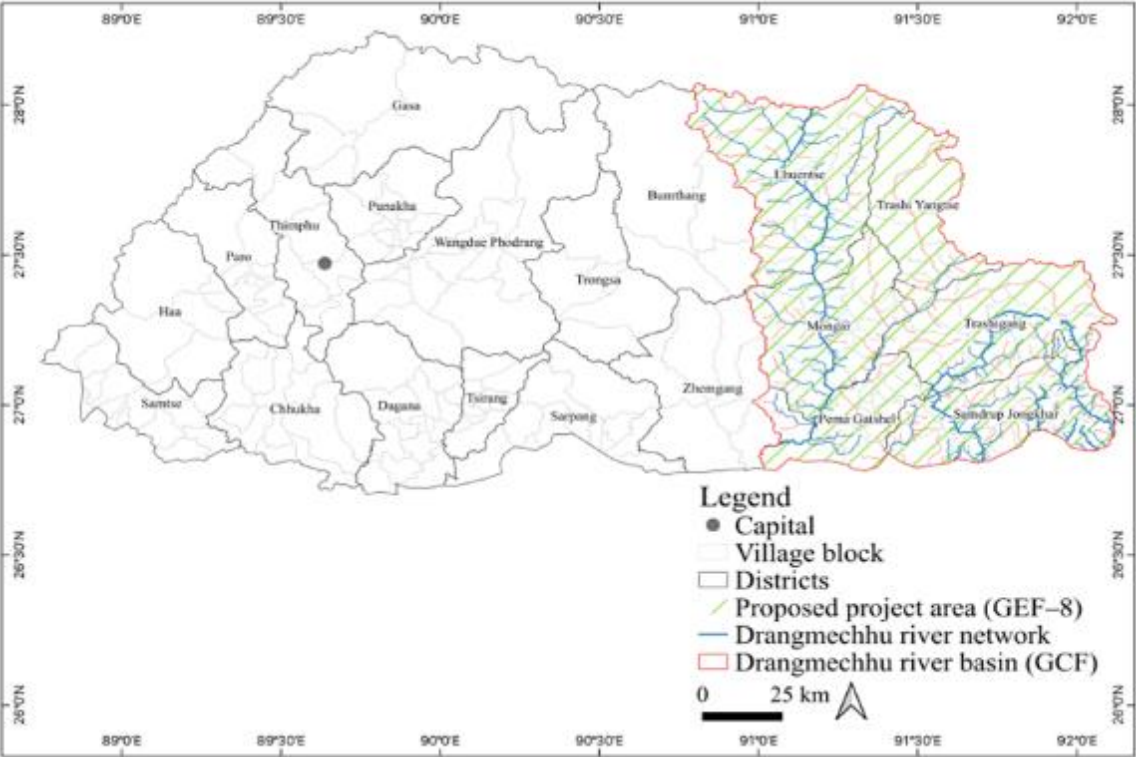


FIGURE 3 LOCATION OF PROJECT INTERVENTIONS

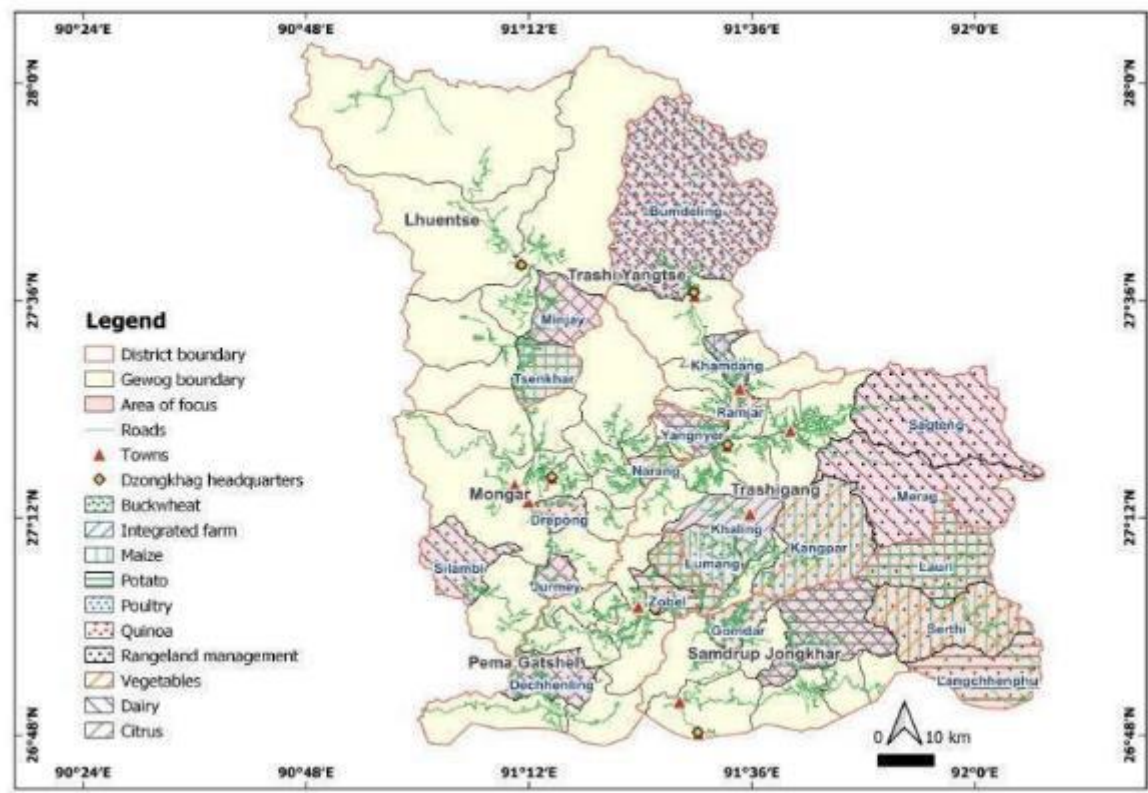


FIGURE 4 LOCATION OF PROJECT TARGETED GEWOGS

Geo Name ID	Location Name	Latitude	Longitude
Lhuentse: Lhuentse Dzongkhag is bordered by Bumthang to the west, Tashiyangtse to the east, Mongar to the south, and China to the north. It spans an area of approximately 2,853.55 sq. km, with altitudes ranging from 600 to 5,800 meters above sea level. The Dzongkhag experiences warm summers and cold winters, with average temperatures reaching up to 24°C in summer and dropping to 15°C in winter. Annual rainfall varies between 1,000 and 1,500 mm. The Dzongkhag comprises eight gewogs. Target Gewogs: Tsaenkhar & Minjey Activity Description: The interventions focus on these commodities: Dairy, Potato & Maize	Lhuentse Dzongkhag	27.75	91.18333
Mongar Mongar Dzongkhag is located approximately 460 km east of Thimphu, the capital city of Bhutan. It lies between 27.25° latitude and 91.2° longitude and covers an area of about 1,940.26 sq. km, with elevations ranging from 400 to 4,000 meters above sea level. The lower and southern regions experience a subtropical climate, while the northern areas have a temperate climate. Summers can be hot and humid, whereas winters are cold. The Dzongkhag is administratively divided into 17 Gewogs, 88 Chiwogs (subdivisions of blocks), and approximately 720 villages. Targeted Gewogs: Drepong, Silambi, Jurmey & Narang Activity Description: The interventions focus on these commodities: quinoa, poultry, buckwheat, dairy, vegetables, and potato.	Mongar Dzongkhag	27.25	91.23333

Pemagatshel Pemagatshel, meaning “Blissful Land of the Lotus,” is located in southeastern Bhutan. The Dzongkhag covers an area of approximately 1,023 sq. km, with elevations ranging from 1,000 to 3,500 meters above sea level. It receives an average annual rainfall of 1,500 mm to 3,000 mm. The Dzongkhag shares its borders with Trashigang Dzongkhag to the north and northeast, Mongar Dzongkhag to the north and northwest, Zhemgang Dzongkhag to the west, Samdrup Jongkhar Dzongkhag to the east, and the Indian state of Assam to the south. Approximately 87.65 percent of the total area is under forest cover, consisting mainly of coniferous and broadleaf species. The climate is hot and humid during the wet season and moderately cold during the dry season. Land holdings are predominantly Kamzhing (dryland agriculture), with negligible wetland. The Dzongkhag is administratively divided into 11 gewogs. Target Gewogs: Decheling, Nanong & Zobel Activity Description: The interventions focus on these commodities: maize, vegetables, potato, quinoa, dairy and poultry.	Pemagatshel Dzongkhag	27.3	91.36667
Samdrup Jongkhar Samdrup Jongkhar is located in southeastern Bhutan, bordering Assam and Arunachal Pradesh (India) to the south and north, Pemagatshel to the west, and Trashigang to the north. The Dzongkhag covers 1 877.94 sq. km, constituting 4 percent of the country's total area, with elevations ranging from 200 to 3 600 meters. More than 75 percent of the land is under forest cover, mainly broad-leaved sub-tropical evergreen forests. The Dzongkhag experiences a sub-tropical climate, with temperatures ranging from 14°C to 36°C and an average annual rainfall of 5 309.4 mm. Most of the land lies between 600 and 1 200 meters, with fertile plains in the south. Administratively, it is divided into two Dungkhags (Jomotsangkha and Samdrupcholing), 11 Gewogs, 191 villages, and one Thromde (Samdrup Jongkhar). Target Gewogs: Langchenphu, Gomdar, Martshala, Lauri & Serthi Activity Description: The interventions focus on these commodities: quinoa, potato, buckwheat, maize, and vegetables and dairy.	Samdrup Jongkhar Dzongkhag	26.91667	91.61667

Trashiyangtse Trashiyangtse Dzongkhag covers an area of 1,437.9 sq. km and is located at an elevation of 1,750 to 1,880 meters. The region boasts an incredible mix of sub-tropical and alpine forests, enriched with an immense wealth of natural, historical, and cultural resources. It is home to sacred sites blessed by Guru Rimpoche and inhabited by diverse communities, including Yangtseps, Tshanglas, Bramis from Tawang, Khengpas from Zhemgang, and Kurtoeps from Lhuentse. The Dzongkhag also houses the Bumdeling Wildlife Sanctuary, located at the eastern tri-junction of Bhutan, India, and China, with Tawang (India) to the east. The Dzongkhag is divided into eight Gewogs. Target Gewogs: Khamdang, Bumdeling & Ramjar Activity Description: The interventions focus on these commodities: Maize, Quinoa, Buckwheat & Vegetables and Poultry.	Trashiyangtse Dzongkhag	27.58468	91.45466
Trashigang Trashigang Dzongkhag shares its border with Mongar Dzongkhag to the west, Samdrup Jongkhar and Pemagatshel Dzongkhag to the south, Trashiyangtse Dzongkhag to the north, and the Indian state of Arunachal Pradesh to the east. It is located 551 km from Thimphu, the capital city, and is one of the largest Dzongkhags in Bhutan. The Dangmechu River, one of the largest in the country, passes through the Dzongkhag. Elevation ranges from 600 m to over 4,500 m above sea level. The climate is primarily temperate, with annual rainfall ranging from 1,000 mm to 2,000 mm. The lowest human settlement is at 550 m in Lumang Gewog, and the highest is at 4,600 m in Merak. The Dzongkhag is divided into 11 Gewogs Target Gewogs: Lumang, Kangpar, Khaling & Yangnyer Activity Description: The interventions focus on these commodities: Maize, Poultry, Vegetables, Maize, Potato, Dairy & Poultry. In Merak & Sakteng - The focus is on dairy and rangeland management.	Trashigang Dzongkhag	27.25	91.75
Bumdeling Ramsar site	Center of site	27.7972	91.4378

ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The Project's overall Environmental and Social Risk Classification: **Moderate**



Bhutan GEF 8 FSIP
Environmental and :

Disclosure

The project will ensure transparency in the preparation, conduct, reporting and evaluation of its activities. This includes full disclosure of all non-confidential information, and consultation with major groups and representatives of local communities. The disclosure of information shall be ensured through posting on websites and dissemination of findings through knowledge products and events. Project reports will be broadly and freely shared, and findings and lessons learned made available.

Disclosure of programme and project information helps stakeholders to participate effectively in project consultations. This information should be relevant, understandable, accessible and considered culturally appropriate by the stakeholders. Due attention will be dedicated to the specific needs (e.g. literacy, gender, disabilities, differences in language, accessibility of technical information or connectivity) of every person, irrespective of gender in the community groups affected by project implementation.

FAO projects must disclose information related to environmental and social risks and impacts through FAO disclosure portal. In any case, national or local legislation may specify disclosure requirements that should be complied with.



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Annex F-1: Full Environmental and Social risk screening checklist from FPMIS



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20Screening%20chec

ANNEX G: BUDGET AND WORK PLAN

The GEF budgetary allocation for the Project is USD 9 585 million covering three components for a five-year period, including PMC and M&E costs. Most of the budget is allocated to Component 2 as this is the component that directly focuses on activities to support food system transformation at farm and landscape level, including development of value chains and markets and delivery of GEBs.

The lack of aggregation, processing and storage facilities was identified as a barrier to food system transformation. The project intends to fund the establishment of Integrated Aggregation Centres that will provide cluster-based collection, cleaning, sorting and packing facilities. These centres will be linked to farmers and their SMEs to promote agrifood systems that are environmentally sustainable. In addition, the project has identified the need for a range of material and equipment inputs including maize, Napier grass, and cassava, machines for blending Total Mixed Rations (TMR) for dairy feed (to reduce GHG emissions), the establishment of strategically located milk collection centers equipped with chilling facilities and milk quality testing equipment, blast freezers and cold storage facilities for poultry value chains, Yak Fiber Processing Equipment, egg sorting and grading equipment, materials to support HWC mitigation measures, greenhouses, smart irrigation systems and materials (to reduce environmental footprints) and to develop branding, packaging, and design for local produce.

Refrigerated transport systems refer to the provision of detachable refrigerated containers for *Bolero* pickup trucks. The containers are suitable for refrigerated transport of meat, vegetable and dairy products. The project proposes to purchase up to 18 containers (three per *dzongkhag*) and provide these to private sector entities, including cooperatives, based on a process to be agreed by the PSC in consultation with FAO. The lack of refrigerated transport has been identified as a substantial constraint to transformation of the food system. The aim is to encourage the private sector to engage in refrigerated transport that links producers with aggregation centers and markets for environmentally sustainable produce. The private sector will need to prove that they can provide suitable vehicles for the duration of the project and that they guarantee to use these vehicles and the attached refrigerators to support project-targeted farmers, SMEs and communities.

In addition, funds have been earmarked to purchase a farm tractor for a youth group that is working on establishing a commercial agrifood production farm, and small farm machinery to farmers and farmer groups, notably to women and youth to promote ILM and CSA practices.

Specific budget (estimated at USD 300 000) has been allocated for the project to engage effectively with the FSIP-GCP and FSIP countries.

BUDGET



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WORK PLAN



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ANNEX H: SUSTAINABILITY AND CAPACITY DEVELOPMENT

Part A - Project's overall capacity development strategy

MoAL's organizational setup supports sustainable agriculture and food systems transformation through a well-defined structure comprising core technical departments focused on agriculture and livestock management supported by specialized agencies for agrifood marketing, policy planning, and human resources at various levels. The DoA focuses on sustainable crop production through agricultural research and development with key roles in providing technical assistance to farmers. These include empowering farmers to enhance their ability to implement sustainable agricultural practices and use of appropriate technologies. The National Soil Services Centre (NSSC) engages in soil research and provides recommendations for sustainable soil and land management practices for improved agricultural productivity. The Agriculture Research and Development Centers (ARDCs) at the regional levels conduct research on various agricultural practices, focusing on innovation and technology transfer to enhance productivity and sustainability. The DoL is responsible for livestock management, veterinary services, and promoting animal husbandry practices and to ensure the health and productivity of livestock populations across the country. The Department of Agricultural Marketing and Cooperatives (DAMC) oversees marketing strategies for agricultural products, ensuring quality control and providing training to farmers on packaging and market standards. It facilitates the establishment of cooperatives for better market access.

At the *Dzongkhag* level the *Dzongkhag* Agriculture Officers (DAOs) and *Dzongkhag* Livestock Officers (DLOs) implement national policies, provide technical guidance to farmers and coordinate local agricultural and livestock activities. They are supported by *Gewog* Extension Officers who work closely with communities to promote sustainable farming practices, assist with crop and livestock production plans, and facilitate farmer training programs.

Data and information management to enable the Ministry's operations are supported through the Integrated Agriculture and Livestock Census, the latest one being undertaken in 2020 by the National Statistics Bureau (NSB) which provides data on agricultural practices, focusing on crop production, livestock population, and farming practices. The Soil Atlas of Bhutan, published by the NSSC provides comprehensive soil information to guide farmers in making informed decisions regarding soil management.

Despite these good institutional arrangements, there remain some capacity gaps, particularly at *dzongkhag* and *gewog* levels, to address the barriers to achieving environmental sustainability and food systems transformation. Accordingly, the project includes targeted capacity building and investment in skill development and awareness raising activities for farmers, government staff and some private sector entities. This includes several key capacity gaps as follows:

Governance and Policy:

- A Multi-Stakeholder Forum for cohesive food system governance and coordination that fosters collaboration, drives systemic change and advances sustainable practices within the agrifood system will be established. The forum will enable sharing of knowledge and innovation and help to sustain actions beyond the life of the project.
- Continuous evaluation of agriculture and livestock input policies will be embedded in governance frameworks, ensuring evidence-based decisions that prioritize sustainability.

Gender responsiveness

- The project will ensure that the project team is well informed about the eastern region's cultural contexts and dynamics in relation to gender. Project implementation will emphasize the active participation of and consultation with female farmers, community leaders, female headed cooperatives and SMEs, youth and marginalized groups to identify gender-responsive, biodiversity friendly and climate resilient practices and approaches. Project activities will be informed by an

understanding of how women and men engage in farming and livestock management, value chains, markets and how they differentially utilize ecosystem services.

- Gender transformative training will be undertaken with targeted stakeholders.

Sustainable agriculture and livestock Management:

- Capacity will be built to enable the application of biosecurity measures in agriculture and livestock farming, including by building farmers' capacity for clean, safe, resilient and environmentally sustainable production practices.
- Training of extension officers will improve compliance with international biosecurity standards.
- Educating farmers on biosecurity measures will improve food safety and prevent disease outbreaks, contributing to food system stability and enhanced biosecurity.

Agricultural Information Systems:

- Capacity will be developed in the use of tools (e.g. Agriculture Marketing Information System) to support data-driven decisions and promote sustainability in agricultural trade.

Enterprise and Agribusiness Development:

- Training in agribusiness management and enterprise development will aim to boost productivity and sustainability, ensuring that agribusinesses are equipped to handle and certification processes.
- Capacity will be built to enable the sustained management of facilities and equipment provided by the project to local governments, farmer groups and cooperatives or private sector entities.

Market Linkages and Branding:

- Capacity will be built to expand market opportunities for agrifood products at global food expos thereby promoting environmental sustainability and economic resilience through international supply chains.
- Product visibility will be enhanced through media to create consumer interest, driving demand for environmentally sustainable Bhutanese food products.

Knowledge Exchange and Networking:

- Networking, technology transfer, and knowledge sharing will be promoted to strengthen collaboration and to encourage innovative practices through annual conclaves.

Sustainability beyond the life of the project will be supported by:

- The Multi-Stakeholder Forum for food system governance and coordination which can become a permanent platform for dialogue and governance, ensuring stakeholders' ongoing participation.
- Training programs and knowledge sharing will be integrated into the ARDC's and *Dzongkhag's* agriculture, livestock and economic development sectors enabling local actors to maintain sustainable practices independently.
- The establishment of strong international market linkages and consumer demand will support environmentally sustainable Bhutanese agrifood products beyond the project lifecycle through local private sector based agrifood enterprises and investments.

ANNEX I: RESPONSES TO PROJECT REVIEWS

Initial description	Main changes from PIF	Justification
Overall	Original Objective: To generate tools and capacities to ensure the long-term environmental sustainability of food systems and the delivery of global environmental benefits (GEBs)” changed to “To ensure the long-term environmental sustainability of food systems and the delivery of global environmental benefits (GEBs).” After GEFSec review, it was further changed to - To improve the enabling environment and ensure the long-term environmental sustainability of food systems and the delivery of the global environmental benefits (GEBs) .	Simplify and clarify
	GEF Core indicators were adjusted to match actual project activities.	The original Core Indicator worksheet included 284,644 ha under Core Indicator 4.3. This should have been recorded under indicator 4.1. Accordingly, 284,644 ha have been moved to indicator 4.1. It is estimated that 1,107,011 ha of the six target <i>dzongkhags</i> will be under improved management as a result of land use zoning informed by project lessons and linked to the National Land Commission's initiative. The PIF included 14,101 ha under direct improvement to sustainable land management in production systems. The area has been revised to 23,735, comprising 119 ha under direct farm-level SLM activities and 23,616 ha under SLM improvements scaled up through farmer training provided by the project The PIF included 12,567 ha under Core indicator 3. This has been adjusted to 33,824 ha comprising direct on-ground rangeland management interventions on 564 ha (3.1) and an additional area of 33260 ha covered under the rangeland management plan supported by the project. The PIF included the number of direct beneficiaries as 49,688 (24,156 female and 25,532 male). This has been changed to 84,419 (40,957 female and 43,462 male).

Initial description	Main changes from PIF	Justification
		The revised beneficiary data is based on the actual population (PHCB, 2017) of the project gewogs and urban areas within the proximity of these gewogs. The PIF included the 5,136,760 metric tons of CO₂e of greenhouse gas emissions mitigated. This was based on an estimate of the total land cover area of the 6 project districts, which also included areas of high conservation value forests. However, actual project interventions with influence over GHS reduction do not cover this entire geographic area. Due to a lengthy process of finalizing the selection criteria for project target areas, specific project sites within participating Districts were established comparatively late in the design process. This has been revised to 1,014,297 metric tons of CO₂e based on 33,824 ha of land that will be under the rangeland management plan and 23,616 ha of crop land under SLM improvements.
Component/ Outcomes		
Components 1 and 2	Components 1 and 2 were reordered so that PIF component 1 became Component 2 and Component 2 became 1	Reordering matches the Food Systems Integrated program component order
1.1: Farmers and SMEs adopt integrated approaches and NbS , including landscape approaches, to foster profitable, equitable and climate-resilient farming systems	2.1: Farmers and SMEs with enhanced capacities adopt sustainable food production practices that deliver GEBs within a framework of integrated landscape management (ILM)	Simplified and reordered to capture the contribution to GEBs
1.2: Agrifood system value chains, infrastructure and markets favor sustainable production and nutrition, generate employment and engage youth	2.2 Agrifood system value chains are more sustainable and resilient to shocks	Production aspects are covered under outcome 2.1. hence, reference to production removed and outcome focused on resilient supply chains
2.1: National food system pathways and inter-sectoral collaboration mechanisms support sustainable, inclusive and gender responsive climate-smart and healthy agrifood system	1.1 Improved inter-sectoral collaboration mechanisms support sustainable and healthy agrifood system pathways	Focus on coordination as an enabling condition for sustainable, inclusive and gender-responsive, climate-smart and healthy agrifood system pathways. Bhutan already has effective agricultural policies

Initial description	Main changes from PIF	Justification
Outputs		
1.1.1: Enhanced technical support and outreach programmes for sustainable production of food and integrated management of farming systems	2.1.1: Enhanced support for sustainable production of food and integrated management of farming systems <i>within a framework of ILM</i>	ILM is an approach for sustainable production. Hence, ILM from earlier 1.2.2 has been merged with this output The words: technical and “outreach program” were deleted as suggested a long-term technical program and not a project output
1.1.2: Digital tools facilitate farmers’ decision-making	2.1.2 has been removed	All project interventions related to digital tools and automation are part of the enabling conditions for food system transformation. They have been merged with 1.1.2. Digital tools facilitate farmers’ decision-making and catalyze FS transformation have been included as an activity under this output.
1.2.1: Businesses based on sustainable agrifood and livestock systems have strengthened capacities	2.2.1: Public private partnerships support investments for sustainable and resilient agricultural value chains that engage youth and are gender responsive	1.2.1, 1.2.3 and 1.2.4 in the initial submission all relate to private sector engagement and business promotions in food systems and capacity for the same. They have been merged into one output (2.2.1)
1.2.2: Environmentally optimized food system infrastructure supports sustainable food production while avoiding direct or indirect negative impacts, within a framework of ILM	2.2.2: Environmentally optimized Agrifood system <i>value chains</i> infrastructure supports <i>sustainable and resilient agrifood supply chains</i> while avoiding direct or indirect negative impacts	This output will focus on value chain gaps through required infrastructure (since sustainable production aspects will be covered by outcome 2.1, ILM element has been merged with 2.1.1)
1.2.3: Capacities and mechanisms support equitable local trade of sustainably produced and nutritious food to shorten supply chains/increase resilience in the face of future shocks	2.2.1	1.2.1, 1.2.3 and 1.2.4 in the initial submission all relate to private sector engagement and business promotions in food systems and capacity for the same. They have been merged into one output (2.2.1)
1.2.4: Mechanisms for private sector engagement in value	2.2.1	1.2.1, 1.2.3 and 1.2.4 in the initial submission all relate to private sector engagement and business promotions in food systems and capacity for the same. They have been merged into one output (2.2.1)

Initial description	Main changes from PIF	Justification
and inputs chains that favour sustainable production		
1.2.5: Tools, standards and capacities support decision-making and governance in support of sustainability in agrifood value chains	1.1.2	Tools, standards and capacities for decision-making including automation and digital tools are enablers to catalyze sustainability agrifood and its value chain transformation. Merged with 1.1.2.
1.2.6: Educational and outreach programmes address sustainability, nutrition and food sovereignty issues in an integrated manner, aimed at changing consumer behaviour to favour sustainability	3.2.1	Educational and outreach programmes are part of knowledge management. Hence merged with 3.2.1
2.1.1: Policies and regulatory mechanisms harmonized between sectors to enable the environmental sustainability of food systems	1.1.1: Policies, plans, regulations, and investment guidance harmonized to promote sustainable food systems.	<i>planning and investment</i> from earlier 2.1.2 has been merged with Policies, regulatory, with a mechanism as this relates to coordination
2.1.2: Strengthened inter-sectoral planning and investment prioritization processes support resilient production landscapes	1.1.1	Merged with Policies, regulatory with mechanism as it relates to coordination
2.1.3: Environmental sustainability and GEB considerations incorporated into annual food systems and agri-business conclave	3.2.1	Merged with 3.2.1 as an activity to enhance knowledge to facilitate investments into environmentally and financially sustainable agrifood systems
2.1.4: Cloud-based knowledge management system to support climate resilient, higher value production landscapes transformation	1.1.2 Standards and certification developed to meet export market requirements for sustainable agricultural products	Tools, standards and capacities for decision-making, including automation and digital tools, are enablers to catalyze sustainability agrifood and its value chain transformation merged with 1.1.2. Cloud-based knowledge management system to support climate-resilient, higher value production landscapes transformation has been included as an activity under 1.1.2

Initial description	Main changes from PIF	Justification
3.1.1: Monitoring mechanism to optimize effective, efficient and results-based adaptive management of agrifood system transformation.	3.1.1: Monitoring mechanism <i>with sustainability</i> dimensions optimize effective, efficient and results-based adaptive management of agrifood system transformation.	Monitoring sustainability dimensions (from earlier 3.1.2) is part of the monitoring mechanism. Hence merged with 3.1.1
3.1.2: Sustainability dimensions incorporated into the national food systems dashboard, to track performance, and provide a standard reference for all actors within the food system	3.1.1	Monitoring sustainability dimensions (from earlier 3.1.2) is part of the monitoring mechanism. Hence merged with 3.1.1 Establishing a national food system dashboard, to track performance, and provide a standard reference <i>with Science-technology-information (STI) interface</i> for all actors within the food system is included as an activity under 3.1.1
3.2.1: Science-technology-information (STI)/policy interface mechanisms enhance policymaking, decision-making and planning in support of the transformation of food systems towards sustainability	3.1.1	Science-technology-information (STI) interface is a tool to enable effective monitoring of project performance and to optimize effective, efficient and results-based adaptive management of agrifood system transformation.
3.2.2: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation	3.2.1: Linkages to national, regional and global hubs/resources on sustainable agrifood systems and integrated landscape management established, enabling the management and exchange of knowledge and the stimulation of innovation <i>and behavior change</i>	The annual business conclave (from earlier 2.1.3) is a platform for knowledge management to enhance knowledge to facilitate investments into environmentally and financially sustainable agrifood systems. Establishing annual food systems and agri-business conclave, incorporating environmental sustainability and GEB considerations, is included as an activity under 3.2.1

ANNEX J: STAKEHOLDER ENGAGEMENT PLAN AND GRIEVANCE REDRESS MECHANISM

The detailed report of the stakeholder engagement actions undertaken during the project design phase is found in the report attached below. Please refer specifically to Section 5 for the Stakeholder Engagement Plan for the project implementation phase.



Annex J Bhutan GEF 8
FSIP project Stakeholder

The following table also summarizes elements the engagement with stakeholders during the design phase, along with the main findings which are addressed in the Stakeholder Engagement Plan.

Stakeholder Engagement Plan

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
Local Community level						
Merak and Sakteng Pastoralists/Livestock Herders and Yak Dairy Product Group	Affected person/group	Local community	Community meeting/consultation, membership in sub committees, as focal persons Public involvement in practical training sessions and in project activities FPIC	Need for interventions to enhance the sustainability and productivity of rangeland resources Need to involve community in carrying out restoration in their own <i>Tsamdros</i>	A detailed implementation plan to be prepared for rangeland management in consultation with community (using FPIC)	First year of project and throughout project duration
Women in all Gewogs Single female headed households	Affected person/group	Vulnerable group	Stakeholder consultation/Focus group discussions	Not confident to speak up in community consultations	GAP implementation	First year of project and throughout project duration
Individual farmers benefiting from land development, green houses with automated irrigation, labour saving devices, training and capacity building,	Affected person/group	Local community	Community meetings/consultation Stakeholder participation in training, demonstrations and awareness programs One on one consultation	Decreasing soil fertility No proper guidance on the production of vegetables Decreasing production due to pest and diseases Human-Wildlife Conflict is a pressing issue Interest in expanding vegetable cultivation through provision of additional greenhouses as they are	Assistance to farmers has been included in component 2.	During project inception to plan project activities, refine site location and beneficiary selection Implementation throughout project duration

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
and human wildlife conflict measures				not confident of accessing loans to buy green houses Lack comprehensive knowledge on cultivation practices, Climate constraints Lack of certification for organic standards		
Farmers (Khaling)	Affected group	Local community	Community meeting/consultation Stakeholder participation in training, demonstrations and awareness programs	Farming on 10 acres of land with manual tools is very difficult. Need assistance with machinery. The site lacks a resting area, storage facility, work shed and toilet. The group is struggling with marketing, and has little knowledge and experience in accounting, packaging or marketing.	Included in component 2 activities	Implementation throughout project duration
Livestock owners- Poultry and Dairy	Affected group	Local community	Community meeting/consultation Stakeholder participation in training, demonstrations and awareness programs	Need: Improved inputs, strengthen biosecurity measures, address market access constraints and provide market information to enable farmers to access markets; build capacity on production practices, disease management, and market linkages. For livestock: breed improvement, feed availability, and animal health management; improve access to modern milking equipment and processing facilities; address market access constraints and price volatility; seek investment in infrastructure and technology Improve milk quality (high microbial content), address high milk landing prices, whey water management, replace aging	Included in component 2 activities	Implementation throughout project duration

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
				machinery, and improve packaging.		
Aggregators	Affected group	Local community	Community meeting/consultation Stakeholder participation in trainings, demonstrations and awareness programs	Scattered production in remote villages makes collection expensive and challenging Need for market infrastructure, and linkages with markets	Included as component 2 activities	Implementation throughout project duration
Processors	Affected group	Local community	Community meeting/consultation Stakeholder participation in training, demonstrations and awareness programs	Limited processing facilities for drying, cleaning, dehulling, milling, and packaging quinoa, or for milling and value addition for buckwheat Inconsistent processing standards; underdeveloped value-added products; limited market access to regional or international markets; inadequate market information on market trends and consumer preferences. Agri- value chain lacks proper packaging, standardization and certification. Focused interventions required in commodity improvement and vacuum packaging.	Included as component 2 activities	Implementation throughout project duration
Project community	Affected party	Local community	Community consultation Information provision and feedback	Project activities involving construction, processing units, and large scale farming/livestock farms will require water and have potential impacts on communities	Included in ESMP	Site/commodity specific ESMPs to be developed prior to commencing activities Implementation throughout project duration
Vulnerable communities	Affected party	Local community	Stakeholder consultation Information provision and feedback	Need to bring marginal farmers into development mainstream and ensure the project benefits them	Included as beneficiary	Implementation throughout project duration

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
Agricultural extension officers, local government officials	Interested party	Government	Stakeholder consultation Information provision and feedback	Lack of awareness of protocols, phytosanitary standards, postharvest handling, Biosafety,	Included in capacity development and as focal persons for project activities	In year one and throughout the project as needed
Samjong (youth) Cooperative Samdrup Jongkhar	Affected party/beneficiary	Youth Cooperative	Stakeholder consultation	Cooperative has members from all gewogs and has great potential for local niche products and branding	Included as beneficiary	In year one and throughout the project as needed
Interested Parties – National and Regional level						
Project Steering Committee (PSC) PMU MOAL	Interested party	Government	Stakeholder consultation Information provision and feedback	Needs for improved coordination among stakeholders and to minimize environmental and social impact	Included in multistakeholder forum activities	In year one and throughout the project as needed
BFDA, Ministry of Health	Interested party	Government	Stakeholder consultation Information provision and feedback	Biosafety concerns	Included as key implementing agency for Biosafety measures	In year one and throughout the project as needed
Department of Culture and Dzongkhag Development, Cultural Officers	Interested party	Government	Stakeholder consultation Information provision and feedback	Impacts on cultural heritage	Implementation of chance find procedures	In year one and throughout the project as needed
DoFPS, Divisional Forest offices, Protected Area management, Range offices	Interested party	Government	Stakeholder consultation and active engagement Information provision and feedback	Provide forestry clearance and permit for activities within protected areas, government reserve forest Collaboration in implementation of Rangeland activities	Included in ESMP	In year one and throughout the project as needed
Dzongkhag Environment Committee Department of Environment and Climate Change, MoENR	Interested party	Government	Stakeholder consultation IP- Information Provision, IF- Information Feedback	Provide Environmental Clearance for 'Blue' activities that include medium and large-scale farming and livestock production	Included in ESMP	In year one and throughout the project as needed
National Soil Services Centre, MoAL, National Plant Protection Centre	Interested party	Government	Stakeholder consultation IP- Information Provision, IF- Information Feedback	Provide expertise	Included as focal agencies for specific expertise	In year one and throughout the project as needed

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
National Biodiversity Centre						
Interested Parties – Dzongkhag and local level						
Dzongkhag Officers DAO, DLO, DE, Legal Officers	Affected party/beneficiary	Government	Stakeholder consultation Information provision and feedback	Gyalsuung academies identified a big market for the agricultural produces	Included as beneficiary	In year one and throughout the project as needed
Academic institutions	Affected party/beneficiary	Non-government	Stakeholder consultation	This is a potential market for agricultural products	Included as a project activity to institutionalize supplies and improve linkage for marketing of products	In year one and throughout the project as needed
Monastic institutions	Affected party/beneficiary	Non-government	Stakeholder consultation	This is a potential market for agricultural products		
Hospitals	Affected party/beneficiary	Government	Stakeholder consultation	This is a potential market for agricultural products		
Bondeyma and Pemathang Gyalsung academies	Affected party/beneficiary	Government	Stakeholder consultation	Gyalsuung academies identified a big market for the agricultural produces	Included as beneficiary	In year one and throughout the project as needed
Interested Parties – Dzongkhag level						
DAO, DLO, DE, EO, PO, Legal, EDO, ARDC, Wengkhar	Interested party	Government	Stakeholder consultation Information provision and feedback	Focal persons need to implement field activities	Included as task force members and focal persons	In year one and throughout the project as needed
Private Sector						
Contractor	Interested party	Non-Government	Stakeholder consultation	Requirement of infrastructure works to be carried out	Included in ESMP	Periodically during implementation
Entrepreneurs	Interested party	Non-Government	Stakeholder consultation	Limited market access and inadequate infrastructure hinder private enterprise growth, particularly in remote areas.	Included as component 2 activities	Periodically during implementation
Transporters and Machine operators	Interested party	Non-Government	Stakeholder consultation	Requirement of vehicles and machinery for land development and material transportation	Included in ESMP	Periodically during implementation
Corporation						
FMCL	Interested party	Non-Government	Stakeholder consultation	Requirement of machinery and agricultural inputs	Included as partner for project activities	Periodically during implementation
CSO/ NGOs						

Stakeholder Name	Stakeholder Type	Stakeholder Profile	Stakeholder Engagement Methodology	Consultation Findings	How the findings were incorporated into the project	Expected timing
CSO/NGO	Interested party	Non-Government	Stakeholder consultation and active involvement in GRM resolution	Lack of capacity and knowledge to deal with GBV/SEAH cases	Included in ESMP	Throughout project implementation

Stakeholder engagement

Project stakeholders include the following

- a. **Project affected persons or groups** that are likely to be affected directly or indirectly, either positively or adversely by the project. These include farmers, livestock owners, youth groups, Gyalsung academies, pastoral communities, operators of farm machinery, supply agents and contracted workers, consultants
- b. **Project interested individuals, groups, or organizations** with an interest in the project, because of the project location, its characteristics, impacts, or matters related to public interest. These include project implementers and partners: Ministry of Finance, Ministry of Agriculture and Livestock MoAL (PPD, DoA, DoL, DAMC, National Biodiversity Center, ARDC Wengkhar), Corporations including FMCL, Gyalsung academies, National Soil Services Centre (NSSC), *Dzongkhag* Administration including Dzongkhag Agriculture Officers (DAOs) and Dzongkhag Livestock Officers (DLOs), Dzongkhag Planning, Gender, Environment, *Gup*, *Gewog* Extension Officers, Ministry of Energy and Natural Resources, Department of Forest and Park Services (SWS, JWS, BWS and Trashigang, Mongar, Samdrup Jongkhar, Pema Gatshel Forestry Divisions), Bhutan Food and Drug Authority (BFDA), Ministry of Health, Bhutan Agro Industries Limited, Thimphu, Bhutan Livestock Development Corporation Ltd., Farm Machinery Corporation Ltd, Tarayana Foundation (TF)
- c. **Vulnerable or disadvantaged groups** in the project area or its vicinity who, by virtue of their age, race, ethnicity, religion, disability, social status, sexual orientation, gender identity, economic disadvantages, indigenous status, and dependence on unique resources may be adversely affected than others or more likely be limited in their ability to participate and take advantage of the project.

The goal of stakeholder engagement is to seek necessary approvals, inform stakeholders about the project activities, identify, and discuss environmental and social issues of concern and seek suggestions to address these concerns and incorporate impact mitigation and enhancement measures.

An emphasis for engagement will be placed on managing expectations and misconceptions regarding the project, establishing the significance of environmental, social and health impacts identified and providing engagement opportunities to ensure that the benefits of the project are maximized, equitable and that no major potential impacts have been overlooked.

The engagement process will provide an opportunity for those otherwise unrepresented to present their views and values, reducing conflict through early identification of any contentious issues and seeking acceptable solutions.

The SEP will be **targeted** on specific stakeholders and adapted to suit the objectives of the engagement, with special arrangements to facilitate access to information and decision-making by vulnerable groups: women, illiterate, unemployed, retired and marginalized persons.

Assessment and Mapping will be conducted to identify families with vulnerable groups, including but are not limited to: Elderly people above 65 years, female headed households, unemployed youth, families with disabilities, marginalized minority communities, low-income households (below poverty line), and persons who will be displaced during site selection

Households with vulnerable persons will be invited to attend consultations from the need assessment stage so that their concerns are reflected from the initial stages of project implementation. They will be provided with prior information regarding the project objectives and activities so that they can make informed choices regarding their participation in the project. For those interested, their participation will be encouraged through timing of consultations to avoid conflict with peak working hours, providing safe space for

meetings and conducting focus group discussions especially if there are some lacking in confidence to participate in large meetings.

Grievance Redress Mechanism

Part A (for external distribution/ disclosure)

1. Main contact details

Do you have a grievance or suggestion about the project *Enhancing Productive and Sustainable Food Systems in Bhutan for Environmental Benefits and Gross National Happiness*?

You can use any of the channels below free of charge to contact us. Your grievance will be handled confidentially by the Food and Agriculture Organization of the United Nations.

Information on the project can be found [here](#).

Phone:	+975 2 322424
Email:	FAO-BT@fao.org
WhatsApp (including voice messages):	+97517112155
Suggestion box address:	FAO Bhutan UN House, Peling Lam, Kawajangsa, Thimphu, Bhutan

2. Purpose of GRM and guiding principles

This is the Grievance Mechanism for the office *Enhancing Productive and Sustainable Food Systems in Bhutan for Environmental Benefits and Gross National Happiness (FSP)*, implemented by the Food and Agriculture Organization of the United Nations and the Ministry of Agriculture and Livestock, Royal Government of Bhutan (RGoB) between 2025 and 2030.

A project level GRM is available for anyone to file grievances related to the project.

Contact information and information on the process to file a grievance or make a suggestion related to the project will be disclosed in all relevant meetings, workshops and other events throughout the life of the project. In addition, awareness raising material will include the necessary information regarding the contacts and the process for filing grievances.

The project will also be responsible for documenting and reporting as part of the safeguards performance monitoring on any grievances received and how they were addressed.

FAO is committed to ensuring that its projects and programs are implemented in accordance with the Organization's environmental and social obligations. Concerns of non-compliance must be addressed at the closest appropriate level, i.e., at the project management level, and if necessary, at the FAO Country Office or Regional Office level.

If a concern or grievance cannot be resolved through consultations and measures at the project management level, a grievance requesting a Compliance Review may be filed with the FAO Office of the Inspector General in accordance with the Guidelines for Compliance Reviews Following Grievances Related to the Organization's Environmental and Social Standards. Project Managers will have the responsibility to address concerns brought to the attention of the officially designated project grievance focal point.

The **principles** to be followed during the grievance resolution process include confidentiality, impartiality, respect for human rights, including those pertaining to indigenous peoples, compliance of national norms, coherence with the norms, equality, transparency, honesty, and mutual respect.

3. Who can file a grievance and how

Anyone can file a grievance or make a suggestion related to the project. Your grievance will be handled confidentially.

To facilitate our understanding of your grievance, please include as much information as possible. For example: what happened, who was involved, when did it happen.

4. From grievance to resolution

The mechanism for grievance redress includes the following stages:

1. In the instance in which the individual or group has the means to directly file the grievance, he/she has the right to do so, presenting through the indicated channels of the project (i.e.: email, mailbox, phone, etc.). The process of filing a grievance will duly consider confidentiality, and if requested by the individual or group bringing the grievance, anonymity as well as any existing traditional or indigenous dispute resolution mechanisms and it will not interfere with the community's self-governance system.

2. The individual or group bringing the grievance files a grievance through one of the channels of the grievance mechanism. This will be sent to the Project grievance focal point to acknowledge and log the grievance, assess whether it is eligible and determine responsibility for attempting to resolve the grievance in line with the processes agreed for the project. The confidentiality of the grievance will be preserved during the process. For every grievance received by the project grievance focal point, written proof will be sent within ten (10) working days; afterwards, a resolution proposal will be made within thirty (30) working days.

The Grievance focal point will also be responsible for recording the grievance and how it has been addressed if a resolution was agreed.

3. If the situation is too complex, or the individual or group bringing the grievance does not accept the proposed resolution, the Grievance focal point must be informed and they must send the grievance to the next highest level, until a solution or acceptance is reached.

4. In compliance with the resolution, the person in charge of dealing with the grievance may interact with the individual or group bringing the grievance, or may call for interviews and meetings, to better understand the reasons.

Resolution

Upon acceptance of a solution by the individual or group bringing the grievance, a confidential record will be maintained.

Review Level	Contact Details
Project Level	At <i>gewog</i> level – the Gewog Administrative Officer At <i>dzongkhag</i> level - the District Environment Officer/ District Planning Officer At project level – the Project GRM Committee
Next level	FAO Bhutan UN House Peling Lam, Kawajangsa, Thimphu, Bhutan FAO-BT@fao.org
Office of the Inspector General (OIG)	Contact FAO's independent Office of the Inspector General: - To report non-compliance with FAO's environmental and social management guidelines in case your grievance cannot be resolved through the previously mentioned channels; - To report non-compliance with FAO's environmental and social management guidelines in case you have a good reason for not approaching the project management (e.g., fears about your safety);

	- To report possible fraud and other corrupt practices, as well as other misconduct such as sexual exploitation and abuse. By confidential hotline (online form & by free-of-charge worldwide phone numbers with interpreters available 24 hours/day): fao.ethicspoint.com By email: Investigations-hotline@fao.org or inspector-general-office@fao.org By mail: Office of the Inspector General Food and Agriculture Organization of the United Nations Viale delle Terme di Caracalla 00153 Rome, Italy
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Part B (FAO-internal. To be uploaded in FPMIS together with Part A)

5. GRM positioning

The project GRM is consistent with the approach taken by the FAO Bhutan Country Office and with other FAO projects in Bhutan.

The GRM process for the project will follow the following hierarchy:

Level 1: The project GRM will comprise three sub levels:

- a) Project overall level
- b) *Dzongkhag* level
- c) *Gewog* Level

The procedure is detailed in the project-level GRM.

Level 2: If the complaint has not been solved and could not be solved at level 1, the National Project Coordinator (NPC) will elevate it to the FAO Representative in Bhutan.

Level 3: If the complaint has not been solved and could not be solved at level 2, the FAO Representative in Bhutan may elevate it to the Project Steering Committee (PSC).

Level 4: If the complaint has not been solved and could not be solved at level 2, the FAO Representative in Bhutan may elevate it to the FAO Regional Office for Asia and the Pacific (RAP).

Level 5: For very specific or complex problems, the FAO Regional Representative may request the assistance of the FAO Inspector General.

Project Management Unit (PMU)	Must respond within 5 working days.
FAO Representation in Bhutan	Anyone in the FAO Representation may receive a complaint and must request proof of receipt. If the case is accepted, the FAO Representative must respond within 5 working days in consultation with FAO's Representation and Project Team. FAO Representative in Bhutan e-mail: FAO-BT@fao.org Tel: +975 2 322424
Project Steering Committee (PSC)	If the case cannot be dealt with by the FAO Representative, he/she must send the information to all PSC members and call for a meeting to find a solution. The response must be sent within 5 working days after the meeting of the PSC.

FAO Regional Office for Asia and the Pacific (RAP)	Must respond within 5 working days in consultation with FAO's Representation. Regional Representative Tel: (+66) 2 697 4000
Office of the Inspector General (OIG)	To report possible fraud and bad behavior by fax, confidential: (+39) 06 570 55550 By email: Investigations-hotline@fao.org By confidential hotline: (+ 39) 06 570 52333

6. Communications plan

The project-level GRM includes information on how the GRM is to be communicated. Stakeholders were provided with clear information about the GRM, including the contact details of the focal points and instructions on how to file a complaint.

7. Capacity building

The project includes a budget for training in grievance management to the GRM focal point, *dzongkhag* focal points and project team members. This will include training on the intake and referral process for grievances related to sexual exploitation and abuse.

8. Monitoring and evaluation

The GRM focal point for the project shall ensure that grievances/feedback reports include data on: Numbers of grievances/feedback received; Compliance with agreed response times; Issues raised in grievances/feedback; Trends in grievances/feedback over time; The causes of grievances/feedback; Whether remedial action was warranted; Whether redress was provided; and recommendations/strategies to prevent or limit future recurrences. In any case a report shall be provided each year as a minimum, even if no grievances have been received.

9. Budget

Adequate budgetary resources have been allocated for the grievance mechanism in the project budget and FAO shall communicate budget information to the GRM focal point.

10. Workers' GRM:

The project GRM shall be used for any grievances from workers employed through the project, whether raised by individuals or a community. The project GRM allows all workers to raise concerns of violations of rights and entitlements as provided in agreements, employment contracts and human resources policies

Workers should be made aware that their grievances will be handled confidentially and that for any grievance related to misconduct, including sexual exploitation and abuse, they may contact FAO directly if they prefer. Grievances may be lodged anonymously if requested by the individual or group bringing the grievance. In any case, the grievance mechanism will be accessible to all direct and contracted workers, taking into account their different characteristics, for example, female workers, migrant workers, or workers with disabilities. As far as possible, male and female staff members shall be made available to receive and process grievances.]

The FAO project grievance focal point must be made aware of any grievances received.

Project-level grievance mechanism

The project will review and update as necessary this project-level grievance redress mechanism (GRM) during the project inception phase.

Contact information and information on the process to file a grievance or make a suggestion related to the project will be disclosed in all relevant meetings, workshops and other events throughout the life of the

project. In addition, awareness raising material will include the necessary information regarding the contacts and the process for filing grievances.

The project will be responsible for documenting and reporting as part of the safeguards' performance monitoring on any grievances received and how they were addressed.

Guiding principles

The project-level GRM will provide a mechanism to address and resolve grievances for all project-affected persons/parties, but will not be a substitute for, or prevent access to, judicial and administrative action. The GRM will be readily accessible to all persons/parties, transparent, respect the confidentiality of aggrieved persons, be non-retaliatory and include a triangulation and feedback system.

Any individual may choose to be represented by another individual or group but must grant the representative a written authorization for representation.

The **principles** to be followed during the grievance resolution process include confidentiality, impartiality, respect for human rights, including those pertaining to vulnerable peoples, compliance of national norms, and coherence with the norms, equality, transparency, honesty, and mutual respect

In line with FAO 's 'zero tolerance' policy towards Sexual Exploitation and Abuse (SEA), the project will incorporate appropriate mechanisms to address incidents of Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA). To ensure that the GRM is accessible to females, the GRM committee should include a female member in the committee

Additionally, the project GRM will handle any grievances from workers employed through the project, whether they come from individuals or a community, in accordance with the ES 4 standards for decent work. The GRM will allow all workers to raise concerns about violations of rights and entitlements as provided in collective agreements, employment contracts, and human resources policies.

Grievance Criteria

The criteria for submitting a grievance are that the aggrieved person or party may have a foreseeable concern about the potential impact of project activities or that project activities must have resulted in a negative economic, social, or environmental impact on an individual or group.

GRM process

The project GRM will be designed in a culturally and locally appropriate manner so that it is able to respond to the needs and concerns of all project-affected persons or parties.

The GRM process will comprise three tiers:

1. Project level – Project GRM Committee
2. Dzongkhag level – District GRM Committee
3. Gewog Level – Gewog GRM Committee

Each of the project gewogs will create a GRM committee with a nominated grievance focal person who will receive any grievance via phone, email, in person, or through a representative. The GRM focal point will immediately log or record the grievance, acknowledge receipt of the grievance, inform the complainant or aggrieved person(s) of the GRM criteria, and provide a process and timeline for the resolution of grievances.

The GRM focal point will evaluate the grievance to determine its relevance to the project. If determined appropriate, they will notify the aggrieved person or party that the grievance has been recorded, will be discussed at the GRM, and the decision will be communicated back within 2 weeks of the date of receipt of the grievance. The focal point will also be responsible to provide updates to the GRC on the progress of the grievance redress process.

The GRM focal point, with the consent of the GRM chair, will convene the Grievance Redress Committee (GRC) meeting. The participating members will sign the minutes of the meeting. The focal point will relay the decision to the aggrieved person via phone, SMS, or social media, and then follow up with an official written document. If the GRC is not able to decide on an appropriate outcome, it may choose to refer the grievance to the next level.

Grievance resolution at the Dzongkhag and Project Management levels will follow the same process as at the Gewog GRM level. However, to adequately confirm whether the grievance is project-related, the Committee may consult the GRM committee at the lower level, the aggrieved person or party, and any other relevant person or party (e.g. contractor/business entity).

Upon acceptance of a solution by the individual or group bringing the grievance, a confidential record will be maintained by the GRM focal person at every level (gewog, dzongkhag, and project management). The record must include details such as date, type of grievance, action taken, date of GRC meeting, date of informing the aggrieved person or party and date of verification of action or remedial measures taken).

Members of the GRM committee

The members in each GRM committee are shown in the table below.

Position	Gewog	Dzongkhag	Project
Chair	Gup	Dzongdag	Secretary
GRM Focal Point	Gewog Administrative Officer	District Environment Officer/ District Planning Officer	PPD
Members	Gewog Agriculture Officer Gewog Livestock Officer Mangmi Tsogpa of respective village	District Agriculture Officer District Livestock Officer District Environment Officer District Legal Officer	Selected members from the NTF

Roles and Responsibilities of the GRM Committee include

The committees shall undertake the following roles:

1. Ensure the resolution of grievances in a transparent, impartial, timely, and objective manner.
2. Follow the GRM procedure, prioritize, and resolve the grievance objectively, at the earliest possible time, or within 15 (30) working days.
3. To adequately confirm whether the grievance is project-related, consult the lower level GRM committee, the aggrieved person or party, and the third party if required.
4. Maintain a quorum of at least three members during GRM committee meetings.

Roles and Responsibilities of the GRM Focal Person include

- For every grievance received by the project GRM focal point, written acknowledgement will be sent within ten (10) working days to the aggrieved person or party
- Maintain a grievance log of all grievances received, and record of all meetings and outcomes of GRCs.
- Inform the aggrieved person or party of the GRC resolution within 3 days of the meeting.
- Inform the GRM focal at the next level if a grievance is being escalated and submit written documentation of discussions with the aggrieved person/party and minutes of meeting and decision of the GRC.
- Organize briefing sessions to train new GRC members on the GRM process, considering the possibility of member transfers throughout the project.

- Follow monitoring protocols and submit timely reports to Project Management and assess implementation of corrective actions as directed by the GRC.
- Ensure that the confidentiality of the aggrieved persons is maintained by not disclosing personal details and ensure compliance with the grievance procedure for gender-related grievances.

Communications Plan and Disclosure

The MoAL will circulate the GRM procedure for review and consensus to all relevant Dzongkhags.

To ensure accessibility and transparency, the GRM process will be disclosed on the MoAL and MoF websites and on the six project Dzongkhag Websites. The GRM process translated in Dzongkhag will also be posted on the Gewog Office and disseminated through Gewog and Chiwogs Social media networks.

At the field level, all District Agriculture and Livestock Officers will sensitize project communities about the GRM through sensitization briefings in the local language. Once sensitized, the Local Government, Gewog Agriculture and Livestock Officers will in turn further disseminate the GRM information to their respective communities.

The GRM forms will be translated into *Dzongkhag* and will be readily available at the *Gewog* Office or maintained with the respective *Tsogpas* of each *Chiwogs*.

The MoAL shall adhere to the project's Stakeholder Engagement Plan to guarantee that all stakeholders are aware of the GRM process.

Sensitization and Capacity Building

Training on the GRM process will be provided to all GRM committee members once nominated. As and when GRM committee members are replaced, new members will be trained. The training will include roles and responsibilities of GRM committee members and the GRM focal person, criteria for decision making, record keeping, communication decisions to the aggrieved person /parties, reporting and assessment of remedial actions, tracking, monitoring and evaluating the GRM process and results. Where applicable, training will also be provided on applicable laws, rules, regulations and standards to improve the decision-making process. Training will also be provided on grievance intake, confidentiality and referral process for GBV/SEA cases.

Referral or third-party assessment

If required, a third party may be consulted in case the GRM committee does not have the capacity to conduct technical assessments (e.g. damage assessments) or validate and establish the real cause of grievance.

Monitoring and Evaluation

The GRM focal person will be responsible for tracking and monitoring the process of grievance redress as well as the timely and efficient implementation of the decisions made. Reports on the status of grievances received must be submitted to Project Management as part of the monthly or quarterly progress reports or in alignment with the project M&E system.

At the end of each year, the effectiveness of the GRM will be assessed in terms of the mechanism, accessibility, capacity of committee members, and trends so that appropriate interventions or strategic changes can be instituted where needed to improve the mechanism, take timely corrective action, and prevent repeat incidences or issues.

Budget

Budget will be allocated by the project under ES capacity building to conduct training of the GRC, translation and dissemination of the GRM procedures to the community through handouts and social media.

ANNEX K: GENDER ANALYSIS AND ACTION PLAN



Annex%20K-Gender
%20Analysis%20and%

ANNEX L: TOR OF PROJECT CORE STAFF

SUMMARY OF TOR FOR PROJECT STAFF

Position	Term of Reference	Time/Input
Project Director (RGoB Financed)	The Project Director (funded by RGOB) will be responsible for the overall operational direction, supervision, and management of the project, ensuring its successful implementation in alignment with the approved project document, annual work plans, and budgets. The PD will be responsible for the following: • Supervise and guide the Project Manager on overall project management • Facilitate effective coordination and collaboration among project stakeholders to achieve project objectives. • Review annual work plans and budgets for submission to the PSC for approval. • Enhance coordination to ensure project implementation as per approved project design, work plans and budgets. • Ensure recruitment of technically competent project staff and consultants. • Ensure timely submission of technical and financial progress reports in accordance with the project requirement. • Represent the project as the national focal point in interactions with the PSC, funding agencies, and other stakeholders. • Promote effective communication and coordination among project partners and stakeholders.	5 years - 240 weeks/5 years
Project Manager	The Project Manager (PM) will be responsible for the overall management and coordination of the project, ensuring its successful implementation in accordance with the approved project document, annual work plans, and budgets. The key responsibilities and duties of the PM include: • Manage and oversee the execution of project activities as per the approved project document, annual work plans, and budgets. • Review and validate annual work plans and budgets for submission to the PSC for approval. • Organize PSC meetings, annual project reviews, and planning meetings, including the preparation and circulation of agenda and documents at least two weeks in advance. Act as the Member-Secretary to the PSC meeting. • Ensure the timely production and circulation of PSC meeting minutes within a week after the meetings. • Liaise with FAO Bhutan CO (GEF Agency), DMDF, MoF (GEF OFP), and Operational Partners for effective project management. • Establish and maintain relationships with relevant agencies and projects to facilitate learning, sharing experiences, and developing synergies. • Facilitate mid-term and terminal evaluations of the project. • Conduct annual monitoring visits to project sites to assess implementation progress and interact with local stakeholders.	60 months

	• Manage and monitor project risks, maintain the project risk log, and submit new risks to the PSC for review and decision on possible actions. • Identify, analyze, and document best practices and lessons learned from project implementation and share them with stakeholders to enhance the project's effectiveness. • Identify capacity needs of PMU staff and accordingly arrange capacitation. • Provide guidance and support to the project team and stakeholders involved in the project implementation. • Manage financial resources and accounting to ensure the accuracy and reliability of financial reports. • Prepare and submit quarterly financial reports to FAO. • Prepare the Project Progress Report in the FAO template and submit it to the PSC and FAO on a six-monthly basis. • Prepare the annual Project Implementation Report in the GEF template and submit it to the PSC and FAO. • Identify value addition opportunities within agricultural value chains, focusing on high-demand niche commodities or processed food products. • Identify and establish market linkages to connect farmers and producers with buyers, processors, and exporters. • Conduct market research to identify trends, consumer preferences, and potential markets for new and existing agricultural products. • Lead the development of new agricultural products, focusing on value addition, improved quality, and market alignment. • Collaborate with stakeholders on packaging, labeling, and branding strategies to promote Bhutanese agricultural products. • Establish and implement quality assurance protocols to ensure that products meet both national and international standards. • Provide training to farmers, agribusinesses, and food processors on product development, quality control, and market requirements.	
Monitoring and Evaluation Officer	The Monitoring and Evaluation (M&E) Officer will be responsible for developing and overseeing the implementation of the project's M&E plan, ensuring alignment with FAO and GEF reporting requirements and standards, as well as the Royal Government of Bhutan's M&E needs. The key responsibilities and duties of the M&E Officer include: • Develop an annual M&E plan for the project. • Oversee the implementation of the project's M&E plan, including periodic appraisal of the project's theory of change and results framework based on actual and potential project progress and outcomes. • Align the project's M&E requirements with those of the RGoB to ensure effective coordination and integration of both RGoB and FAO M&E requirements. • Monitor project progress in accordance with FAO and GEF reporting requirements and standards. • Ensure timely submission of progress reports to the Project Manager and other relevant stakeholders. • Conduct annual monitoring of indicators as outlined in the project results framework and report on the findings. • Coordinate with consultants and closely observe impact assessment work to ensure the quality of findings. • Oversee and guide the design of assessments commissioned for monitoring and evaluating the project's results. • Facilitate mid-term and terminal evaluations of the project. • Facilitate annual reviews of the project and publish analytical reports.	60 months

	● Liaise with stakeholders, including Dzongkhag Focal Point, FAO, and responsible parties, for the implementation of project activities related to M&E and knowledge resource management. ● Facilitate knowledge generation by supporting the documentation of emerging best practices and lessons learned. ● Undertake visits to project sites as required to appraise the project's progress and document findings in written progress reports. ● Maintain accurate records and data pertaining to the project, ensuring the integrity and accessibility of the information. ● Oversee the design of assessments for monitoring and evaluating results. ● Document and disseminate lessons learned and findings from technical studies. ● Facilitate evaluations, annual reviews, and small-scale studies to assess progress and improve the project. ● Report to the Global Coordination Project on standardized programme-wide indicators ● Gather and share information on lessons learned in a systematic and consistent manner, among countries and with the GCP.	
Knowledge Management & Communication Officer	The Knowledge Management & Communication Officer (KMCO) will be responsible for developing and implementing the project's communication strategy, facilitating knowledge generation and documentation, and coordinating public awareness activities. The KMCO will ensure that all communication and knowledge management initiatives align with the project's objectives and contribute to its overall success. The key responsibilities and duties of the KMCO include: ● Develop a comprehensive communications strategy and plan in consultation with stakeholders. ● Update the plan annually to ensure relevance and effectiveness. ● Support documentation of good/best practices and lessons learned. ● Ensure knowledge is captured, organized, and shared effectively. ● Collaborate with a team to identify and document valuable knowledge assets. ● Oversee implementation of knowledge management activities and outputs in Component 3. ● Coordinate public awareness activities across project components. ● Liaise with the media to disseminate project events and activities of interest. ● Organize and facilitate knowledge-sharing events, workshops, and training. ● Encourage exchange of ideas and best practices among partners and stakeholders. ● Create materials like brochures, press releases, audiovisuals, and leaflets to disseminate project activities and achievements. ● Ensure materials are engaging, informative, and aligned with branding and messaging. ● Create compelling content to showcase project progress, impact, and success stories. ● Collaborate with team and partners to gather information and develop engaging content. ● To coordinate and liaise with PMU of the project for any meetings, seminars and workshops; ● To liaise with PMU and donor agencies regarding progress reports, fund release and fund utilization; ● To liaise with PMU, MoF and donor agencies for any matter concerning project activities; For domestic and international communication; For media relations and advocacy; For monitoring, evaluation and reporting; ● To facilitate conduct of PSC, facilitate mission visits, represent PMU in the meetings where required;	60 months

	● To facilitate youth, gender, nutrition and inclusion mainstreaming priorities; ● To provide Monitoring and Evaluation support for the PPD of the Ministry; ● To assist PPD in other works of the Ministry beside the project activities; ● To keep up-to-date records of project implementation and benefits; ● To ensure proper visibility and digital contents of the project implementation; ● To coordinate implementation of PPD component of the project; ● To assist PMU in any correspondences requiring Ministry's support; and ● To assist PPD in data collection, reporting and updating the ministry regarding projects.	
Project Finance Officer (RGoB Financed)	A Project Finance Officer (funded by the RGoB) based in the PMU will be responsible for managing overall project accounts, budget planning, financial disbursements, expenditure reporting and facilitation of auditing. The key responsibilities and duties of the PFO Officer include: ● Maintain accurate and up-to-date financial records for all project activities. ● Prepare periodic financial reports in accordance with GEF requirements and timelines. ● Ensure compliance with RGoB, FAO and GEF financial guidelines and policies. ● Assist in the preparation of semi-annual and annual financial reports and annual project audits. All project accounts will be subject to statutory audit, the report of which will be submitted to GEF through FAO and GEF, OFP ● Assist in the preparation of project budgets and financial forecasts. ● Monitor project expenditures against approved budgets and report any variances. ● Provide financial analysis and projections to support project planning and decision-making. ● Ensure all financial activities comply with relevant regulations and GEF guidelines. ● Identify financial risks and implement mitigation strategies. ● Support internal and external audits by providing the required documentation and information. ● Process payments and manage accounts payable and receivable. ● Reconcile project accounts and resolve any discrepancies. ● Oversee the management of project bank accounts and financial transactions. ● Oversee the procurement process, ensuring compliance with GEF guidelines. ● Maintain accurate records of procurement activities and contracts. ● Coordinate with suppliers and vendors to ensure timely delivery of goods and services. ● Monitor procurement expenditures and ensure they align with project budgets.	60 months
Administration and Procurement Officer	The Administrative and Procurement Officer will provide comprehensive administrative support to the project team, ensuring smooth and efficient operations. The role involves coordinating office activities, managing schedules, handling correspondence, and maintaining project documentation. The main responsibilities of the Administrative and Procurement Officer will be as follows: ● Maintain project files and records, ensuring proper documentation ● Manage incoming and outgoing communications, letters and phone calls. ● Coordinate and maintain schedules for the project team, including arranging meetings and appointments. ● Organize and disseminate agendas, minutes, and other relevant documents for project meetings.	60 months

	• Plan and coordinate project meetings, workshops, and events, including logistics. • Oversee procurement of goods and services for the project ensuring adherence to procurement rules and regulations. • Maintain an inventory of project assets and ensure proper utilization. • Perform any other administrative tasks necessary for the smooth functioning of the project.	
Environment & Social Safeguards Expert	The ESS Expert plays a critical role in safeguarding the project's adherence to FAO and GEF Social and Environmental Standards (SES) policies. This includes: • Lead the development and implementation of the project's Social and Environmental Screening Procedure (SESP), Environmental and Social Management Plan (ESMP), and Stakeholder Engagement Plan (SEP). • Ensure these plans integrate seamlessly with project activities and fully comply with FAO and GEF SES policies. • Oversee the implementation of these safeguards throughout the project lifecycle. • Must have expertise and experience on Indigenous Peoples and support the FPIC process within the communities of Merak and Sakteng regarding rangeland management. • Conduct annual reviews of the SESP, ESMP, and SEP, updating risk logs and mitigation plans as needed. • Establish effective and transparent Grievance Redress Mechanisms for all stakeholders. Ensure grievances are managed promptly, fairly, and communicated transparently. • Conduct ESIA for specific project sites or activities, as required. • Establish baseline environmental and social data and identify potential impacts. • Facilitate open communication and sharing information with stakeholders regarding environmental and social safeguards. • Continuously identify, assess, and manage potential environmental and social risks throughout project implementation. • Work with the M&E officer to ensure monitoring and evaluation address safeguard issues effectively. • Develop training materials and guidelines on environmental and social safeguards for project personnel. • Conduct training sessions for project officials on key environmental and social issues related to FAO and GEF principles. • Assist Dzongkhags in preparing quarterly ESS implementation reports. • Prepare semi-annual reports on ESS implementation for the PMU. • Submit annual reports on ESS compliance to the PSC. • Undertake proactive measures to minimize environmental and social risks associated with project activities.	12 months
Gender Expert	The Gender Expert will ensure the integration of gender perspectives and promote gender equality throughout the project's implementation. This role involves developing gender-responsive strategies, conducting gender analysis, and providing capacity-building support to project staff and stakeholders. The Gender Expert will perform the following duties: • Create a comprehensive Gender Action Plan (GAP) that aligns with the project's goals and objectives. Ensure the plan addresses gender disparities and promotes equal opportunities for all genders. • Ensure that gender considerations are integrated into all aspects of project planning, implementation, monitoring, and evaluation.	9 months

	• Perform gender analysis to identify gender-specific needs, challenges, and opportunities within the project context. Use the findings to inform project activities and strategies. • Evaluate the potential gender impacts of project activities and propose measures to mitigate any adverse effects. • Create training materials and tools focused on gender equality and gender mainstreaming for project staff and stakeholders. • Organize and facilitate training sessions and workshops on gender equality, gender-responsive planning, and implementation for project staff, partners, and stakeholders. • Facilitate meaningful participation of women and gender-focused organizations in project activities and decision-making processes. • Promote gender equality and advocate for the inclusion of gender considerations in policy dialogues, project planning, and implementation. • Establish gender-specific indicators to monitor the project's progress in achieving gender equality outcomes. • Regularly assess and report on the project's gender impacts, ensuring that gender-related goals are being met. • Produce periodic reports on gender-related progress, challenges, and achievements. Share these reports with project stakeholders and funding agencies. • Identify and document the best practices and lessons learned in promoting gender equality within the project. • Disseminate knowledge on gender mainstreaming and gender-responsive approaches to project stakeholders and partners. • Identify potential gender-related risks and develop strategies to mitigate these risks throughout the project lifecycle.	
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Detailed ToRs

Terms of Reference (TOR): Project Manager

Job Title**:	Project Manager		
Division/Department:	PMU		
Project Number:	FSP		
Duty Station:	TBC		
Expected Start Date of Assignment:	2025	Duration:	5 Years
Reporting Lines	Project Director		

Background

Bhutan's agricultural sector is a cornerstone of the economy and way of life, with a significant portion of the population relying on farming for their livelihood. Despite the prevalence of organic practices aligned with Gross National Happiness (GNH), the sector faces challenges due to limited arable land, climate change, inadequate infrastructure, and youth migration to cities. Bhutan's food systems struggle to keep pace with population growth, leading to substantial imports and restricted exports.

Structural issues like small land holdings, high costs, and low mechanization contribute to limited yields. Scarce labour and negative perceptions of farming further hinder productivity. Climate change

vulnerability, post-harvest losses, and weak markets exacerbate these challenges. Addressing these barriers is crucial to unlock the potential benefits of the National Food System Pathways (NFSPs) and foster sustainable progress.

The Royal Government of Bhutan has outlined eight transformative NFSPs to establish a high-performance food system aligned with GNH and the SDGs by 2030. These pathways aim to drive sustainable growth, environmental conservation, cultural preservation, and effective governance, with a focus on empowering women and youth in agriculture and improving value chains.

The RGoB in partnership with FAO Bhutan is implementing a Global Environment Facility project titled “Productive and Sustainable Food Systems in Bhutan for Environmental Benefits and Gross National Happiness.” The project aims to enhance resilience, achieve environmental benefits, and promote sustainable production by addressing systemic challenges through integrated landscape planning and knowledge exchange. Focused on the eastern landscape, the project targets six *Dzongkhags* spanning 1 134 225 900 ha, with a population of 173 116 facing economic constraints, demographic shifts, and climate vulnerabilities. The project emphasizes farming systems and value chains for priority commodities like potato, maize, beans and dairy, integrated with other crops, to support initiatives led by women and youth, enhance mechanization, reduce labour, and promote sustainable practices. The primary objective is to improve the enabling environment and ensure the long-term environmental sustainability of food systems and the delivery of the global environmental benefits (GEBs).

The project will engage the private sector across the agricultural value chain, focusing on enhancing aggregation, processing, marketing, and financing. By optimizing sustainable production, preserving ecosystem services, and aligning production with dietary needs, the project aims to introduce knowledge-sharing platforms, agricultural technologies, and value-added processes along the value chain to promote environmental benefits and GNH.

Tasks and Responsibilities

The Project Manager will be responsible for the overall management and coordination of the project, ensuring its successful implementation in accordance with the approved project document, annual work plans, and budgets. The key responsibilities and duties of the Project Manager include:

- Manage and oversee the execution of project activities as per the approved project document, annual work plans, and budgets.
- Review and validate annual work plans and budgets for submission to the PSC for approval.
- Organize PSC meetings, annual project reviews, and planning meetings, including the preparation and circulation of agenda and documents at least two weeks in advance. Act as the Member-Secretary to the PSC meeting.
- Ensure the timely production and circulation of PSC meeting minutes within a week after the meetings.
- Liaise with FAO Bhutan CO (GEF Agency), DMDF, MoF (GEF OFP), and Operational Partners for effective project management.
- Establish and maintain relationships with relevant agencies and projects to facilitate learning, sharing experiences, and developing synergies.
- Facilitate mid-term and terminal evaluations of the project.
- Conduct annual monitoring visits to project sites to assess implementation progress and interact with local stakeholders.
- Manage and monitor project risks, maintain the project risk log, and submit new risks to the PSC for review and decision on possible actions.
- Identify, analyze, and document the best practices and lessons learned from project implementation and share them with stakeholders to enhance the project's effectiveness.
- Identify the capacity needs of PMU staff and accordingly arrange capacitation.
- Provide guidance and support to the project team and stakeholders involved in the project implementation.
- Manage financial resources and accounting to ensure the accuracy and reliability of financial reports.
- Prepare and submit quarterly financial reports to FAO.

- Prepare the Project Progress Report in the FAO template and submit it to the PSC and FAO on a six-monthly basis.
- Prepare the annual Project Implementation Report in the GEF template and submit it to the PSC and FAO.
- Identify value addition opportunities within agricultural value chains, focusing on high-demand niche commodities or processed food products.
- Identify and establish market linkages to connect farmers and producers with buyers, processors, and exporters.
- Conduct market research to identify trends, consumer preferences, and potential markets for new and existing agricultural products.
- Lead the development of new agricultural products, focusing on value addition, improved quality, and market alignment.
- Collaborate with stakeholders on packaging, labeling, and branding strategies to promote Bhutanese agricultural products.
- Establish and implement quality assurance protocols to ensure that products meet both national and international standards.
- Provide training to farmers, agribusinesses, and food processors on product development, quality control, and market requirements.

CANDIDATES WILL BE ASSESSED AGAINST THE FOLLOWING

Minimum Requirements

- Minimum of bachelor's degree in a related field (e.g., Business Administration, Project Management, Agriculture, food systems, and related fields). A master's degree would be an advantage.
- At least 7 years of experience in project management, with a proven track record of excellent delivery.
- Excellent leadership, interpersonal, communication and presentation skills.
- Knowledge of agrifood systems transformation and project management software tools and processes.
- An excellent command of English and Dzongkha (Bhutan's national Language) is required, as are proven writing and reporting skills, the ability to operate under pressure and good interpersonal skills.

FAO Core Competencies

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

Technical/Functional Skills

He/she should have competency and demonstrated practical relevant experience in the formulation and implementation of development of programmes and projects related to technical capacity building, policy development, enhancing agri-production, strengthening food systems, promoting agri-value chain development and agri-business entrepreneurship, fostering digital agricultural innovation, improving food & nutrition security, gender equality and women's empowerment, enhancing resilience to disasters and impacts of climate change.

Selection Criteria

- Extent of relevant technical experience in the areas related.
- Ability to manage and work with a multidisciplinary and multicultural team.
- Proven experience in operational and project management in the areas mentioned above.
- Strong work ethic, well-organized, result focused, good team player and dynamic personality.

Previous experience of working with GEF or relevant projects is an asset.

Terms of Reference (TOR): Monitoring and Evaluation Officer

Job Title**:	Monitoring and Evaluation Officer
Division/Department:	PMU
Project Number:	FSP

Duty Station:	TBC		
Expected Start Date of Assignment:	2025	Duration	5 Years
Reporting Lines	Project Manager & Project Director		

Background

Same as project manager above

Tasks and responsibilities

The Monitoring and Evaluation (M&E) Officer will be responsible for developing and overseeing the implementation of the project's M&E plan, ensuring alignment with FAO and GEF reporting requirements and standards, as well as the Royal Government of Bhutan's (RGoB) M&E needs. The key responsibilities and duties of the M&E Officer include:

- Develop an annual M&E plan for the project.
- Oversee the implementation of the project's M&E plan, including periodic appraisal of the project's theory of change and results framework based on actual and potential project progress and outcomes.
- Align the project's M&E requirements with those of the RGoB to ensure effective coordination and integration of both RGoB and FAO M&E requirements.
- Monitor project progress in accordance with FAO and GEF reporting requirements and standards.
- Ensure timely submission of progress reports to the Project Manager and other relevant stakeholders.
- Conduct annual monitoring of indicators as outlined in the project results framework and report on the findings.
- Coordinate with consultants and closely observe impact assessment work to ensure the quality of findings.
- Oversee and guide the design of assessments commissioned for monitoring and evaluating the project's results.
- Facilitate mid-term and terminal evaluations of the project.
- Facilitate annual reviews of the project and publish analytical reports.
- Liaise with stakeholders, including Dzongkhag Focal Point, FAO, and responsible parties, for the implementation of project activities related to M&E and knowledge resource management.
- Facilitate knowledge generation by supporting the documentation of emerging best practices and lessons learned.
- Undertake visits to project sites as required to appraise the project's progress and document findings in written progress reports.
- Maintain accurate records and data pertaining to the project, ensuring the integrity and accessibility of the information.
- Oversee the design of assessments for monitoring and evaluating results.
- Document and disseminate lessons learned and findings from technical studies.
- Facilitate evaluations, annual reviews, and small-scale studies to assess progress and improve the project.
- Report to the Global Coordination Project on standardized programme-wide indicators
- Gather and share information on lessons learned in a systematic and consistent manner, among countries and with the GCP.

CANDIDATES WILL BE ASSESSED AGAINST THE FOLLOWING

Minimum Requirements

- Minimum of a bachelor's degree in a relevant field, such as Project Management, statistics, social sciences, development studies, or relevant fields. A master's degree would be an advantage.
- A minimum of five years of experience in supporting the formulation/implementation of development projects in the relevant fields/sectors mentioned above.
- An excellent command of English and Dzongkha (Bhutan's national Language) is required, as are proven writing and reporting skills, the ability to operate under pressure and good interpersonal skills.
- Good computer skills.

FAO Core Competencies

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

Technical/Functional Skills

The Specialist shall have competency and demonstrated practical relevant experience in supporting the formulation and implementation of development of programmes and projects related to technical capacity building, policy development, enhancing agri-production, strengthening food systems, promoting agri-value chain development and agri-business entrepreneurship, improving food & nutrition security, gender equality and women's empowerment, enhancing resilience to disasters and impacts of climate change.

Selection Criteria

- Extent of relevant technical experience in the areas related.
- Ability to manage and work with a multidisciplinary and multicultural team.
- Proven experience in operational and project management in the areas mentioned above.
- Strong work ethic, well-organized, result focused, good team player and dynamic personality.

Previous experience of working with GEF or relevant projects is an asset.

Terms of Reference (TOR): Knowledge Management and Communication Officer

Job Title**:	Knowledge Management and Communication Officer		
Division/Department:	PMU		
Project Number:	FSP		
Duty Station:	TBC		
Expected Start Date of Assignment:	2025	Duration	5 Years
Reporting Lines	Project Manager & Project Director		

Background

Same as the project manager above.

Tasks and responsibilities

The Knowledge Management & Communication Officer (KMCO) will be responsible for developing and implementing the project's communication strategy, facilitating knowledge generation and documentation, and coordinating public awareness activities. The KMCO will ensure that all communication and knowledge management initiatives align with the project's objectives and contribute to its overall success. The key responsibilities and duties of the KMCO include:

- Develop a comprehensive communications strategy and plan in consultation with stakeholders.
- Update the plan annually to ensure relevance and effectiveness.
- Support documentation of good/best practices and lessons learned.
- Ensure knowledge is captured, organized, and shared effectively.
- Collaborate with a team to identify and document valuable knowledge assets.
- Oversee implementation of knowledge management activities and outputs in Component 3.
- Coordinate public awareness activities across project components.
- Liaise with the media to disseminate project events and activities of interest.
- Organize and facilitate knowledge-sharing events, workshops, and training.
- Encourage exchange of ideas and best practices among partners and stakeholders.
- Create materials like brochures, press releases, audiovisuals, and leaflets to disseminate project activities and achievements.
- Ensure materials are engaging, informative, and aligned with branding and messaging.
- Create compelling content to showcase project progress, impact, and success stories.

-
- Collaborate with team and partners to gather information and develop engaging content.
 - To coordinate and liaise with PMU of the project for any meetings, seminars and workshops;
 - To liaise with PMU and donor agencies regarding progress reports, fund release and fund utilization;
 - To liaise with PMU, MoF and donor agencies for any matter concerning project activities; For domestic and international communication; For media relations and advocacy; For monitoring, evaluation and reporting;
 - To facilitate conduct of PSC, facilitate mission visits, represent PMU in the meetings where required;
 - To facilitate youth, gender, nutrition and inclusion mainstreaming priorities;
 - To provide Monitoring and Evaluation support for the PPD of the Ministry;
 - To assist PPD in other works of the Ministry beside the project activities;
 - To keep up-to-date records of project implementation and benefits;
 - To ensure proper visibility and digital contents of the project implementation;
 - To coordinate implementation of PPD component of the project;
 - To assist PMU in any correspondences requiring Ministry's support; and
 - To assist PPD in data collection, reporting and updating the ministry regarding projects.
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CANDIDATES WILL BE ASSESSED AGAINST THE FOLLOWING

Minimum Requirements

- Minimum of a bachelor's degree in communications, journalism, public relations, or a related field. A master's degree would be an advantage.
- A minimum of five years of experience in media relations, public relations, social media management, content creation, event planning, or multimedia production fields/sectors mentioned above.
- Strong communication skills in English and Dzongkha (Bhutan's national Language) are required, as are proven writing and reporting skills, the ability to operate under pressure and good interpersonal skills.
- Knowledge of media ethics, principles, media trends, and evaluation metrics would also be beneficial.

FAO Core Competencies

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

Technical/Functional Skills

The Specialist shall have competency and demonstrate practical relevant experience in supporting technical/functional skills including communication strategy development and implementation, social media management, media relations, event planning, multimedia content creation, use of communication tools and software, evaluation and reporting of communication effectiveness, and stakeholder engagement and communication training.

Selection Criteria

- Extent of relevant technical experience in the areas related.
- Ability to manage and work with a multidisciplinary and multicultural team.
- Strong work ethic, well-organized, result focused, good team player and dynamic personality.

Previous experience of working with GEF or relevant projects is an asset.

Terms of Reference (TOR): Project Finance Officer

Job Title**:	Project Finance Officer
Division/Department:	PMU
Project Number:	FSP
Duty Station:	TBC

Expected Start Date of Assignment:	2025	Duration:	5 Years
Reporting Lines	Project Manager & Project Director		

Background

Same as the project manager above.

Tasks and responsibilities

A Project Finance Officer will be responsible for managing overall project accounts, budget planning, financial disbursements, expenditure reporting and facilitation of auditing. The key responsibilities and duties of the PFO Officer include:

- Maintain accurate and up-to-date financial records for all project activities.
- Prepare periodic financial reports in accordance with GEF requirements and timelines.
- Ensure compliance with RGOB, FAO and GEF financial guidelines and policies.
- Assist in the preparation of semi-annual and annual financial reports and annual project audits. All project accounts will be subject to statutory audit, the report of which will be submitted to GEF through FAO and GEF, OFP
- Assist in the preparation of project budgets and financial forecasts.
- Monitor project expenditures against approved budgets and report any variances.
- Provide financial analysis and projections to support project planning and decision-making.
- Ensure all financial activities comply with relevant regulations and GEF guidelines.
- Identify financial risks and implement mitigation strategies.
- Support internal and external audits by providing the required documentation and information.
- Process payments and manage accounts payable and receivable.
- Reconcile project accounts and resolve any discrepancies.
- Oversee the management of project bank accounts and financial transactions.
- Oversee the procurement process, ensuring compliance with GEF guidelines.
- Maintain accurate records of procurement activities and contracts.
- Coordinate with suppliers and vendors to ensure timely delivery of goods and services.
- Monitor procurement expenditures and ensure they align with project budgets.

CANDIDATES WILL BE ASSESSED AGAINST THE FOLLOWING

Minimum Requirements

- Diploma/certificate or bachelor's degree in accounting, commerce or a related field.
- A minimum of five years of experience in the field of finance, accounting or fields/sectors mentioned above.
- Strong communication skills in English and Dzongkha (Bhutan's national Language) are required, as are proven writing and reporting skills, the ability to operate under pressure and good interpersonal skills.
- Knowledge of financial management.

FAO Core Competencies

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

Technical/Functional Skills

The Specialist shall have competency and demonstrate practical relevant experience in supporting technical/functional skills including financial management.

Selection Criteria

- Extent of relevant technical experience in the areas related.
- Ability to manage and work with a multidisciplinary and multicultural team.

Strong work ethic, well-organized, result focused, good team player and dynamic personality.

Terms of Reference (TOR):

Job Title**:	Administration and Procurement Officer		
Division/Department:	PMU		
Project Number:	FSP		
Duty Station:	TBC		
Expected Start Date of Assignment:	2025	Duration:	5 Years
Reporting Lines	Project Manager & Project Director		

Background

Same as project coordinator above

Tasks and responsibilities

The Administrative and Procurement Officer will provide comprehensive administrative support to the project team, ensuring smooth and efficient operations. The role involves coordinating office activities, managing schedules, handling correspondence, and maintaining project documentation. The main responsibilities of the Administrative and Procurement Officer will be as follows:

- Maintain project files and records, ensuring proper documentation
- Manage incoming and outgoing communications, letters and phone calls.
- Coordinate and maintain schedules for the project team, including arranging meetings and appointments.
- Organize and disseminate agendas, minutes, and other relevant documents for project meetings.
- Plan and coordinate project meetings, workshops, and events, including logistics.
- Oversee procurement of goods and services for the project ensuring adherence to procurement rules and regulations.
- Maintain an inventory of project assets and ensure proper utilization.
- Perform any other administrative tasks necessary for the smooth functioning of the project.
- Assist Finance Officer in budget planning, financial disbursements, expenditure reporting and facilitation of auditing.

CANDIDATES WILL BE ASSESSED AGAINST THE FOLLOWING**Minimum Requirements**

- Bachelor's degree in business, management, commerce or a related field.
- A minimum of 3 years' experience in finance, accounting or fields/sectors mentioned above.
- Strong communication skills in English and Dzongkha (Bhutan's national Language) are required, as are proven writing and reporting skills, the ability to operate under pressure and good interpersonal skills.
- Knowledge of financial management

FAO Core Competencies

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

Technical/Functional Skills

The Specialist shall have competency and demonstrate practical relevant experience in supporting technical/functional skills including financial management.

Selection Criteria

- Extent of relevant experience in the related areas.
 - Ability to manage and work with a multidisciplinary and multicultural team.
 - Strong work ethic, well-organized, focused, good team player and dynamic personality.
-

ANNEX M: MONITORING AND EVALUATION, FINANCIAL MANAGEMENT AND FAO OVERSIGHT

M.1 PROVISIONS FOR MONITORING AND EVALUATION

The project will develop and implement an M&E strategy that supports learning and adaptive management. This will include a comprehensive monitoring, evaluation, and learning (MEL) system that is consistent with the FSIP-GCP monitoring and evaluation system. Key activities to deliver M&E include:

- Convene a project inception workshop within the first three months of the Project start to review, update and elaborate the project results framework, project activity plans, ESMP and management arrangements.
- Assess the strengths and weaknesses of existing baseline information and monitoring methodologies and develop a comprehensive monitoring, evaluation, and learning (MEL) system that is also consistent with the FSIP-GCP monitoring and evaluation systems. Note that a baseline has been prepared as part of the project design. Data is held by the FAO Country office in Bhutan. There are also details within the ESMP.
- As necessary, complete the baseline spatial, socio-economic, and environmental analyses of the project area.
- Validate the results framework indicators and track progress towards targets.
- Conduct training and technical support in MEL including the need for gender disaggregated data.
- Support the continuous management and operation of the MEL system for the duration of the project and establish mechanisms to enable the sustainable operation of the system.
- Hold Project Steering Committee (PSC) and Technical Advisory Committee (TAC) meetings.
- Prepare periodic mandatory project reports. These include Bi-Annual Progress Reports, Quarterly Financial Reports, Annual material purchase reports, annual Project Implementation Reviews, and a project final report as per standard FAO and GEF formats.
- Prepare annual co-financing reports.
- Conduct annual financial audit of expenditures of GEF funds through internationally recognized independent third-party audit firms.
- Conduct an annual implementation review of the Gender Action Plan, Stakeholder Engagement Plan, Project Knowledge Management and Communication Strategy, project risks, social and environmental safeguards, climate change risks and mitigation measures, and assumptions underlying the Project's Theory of Change.
- Support the mid-term and final evaluations and other audits of the project and the preparation of a final project report. Incorporate recommendations of MTR into revised project plans following PSC approval.

The project results, corresponding indicators and mid-term and end-of-project targets in the Project Results Framework (Annex C) will be monitored regularly, reported annually and assessed during project implementation to ensure the project effectively achieves these results. Project Monitoring and Evaluation (M&E) activities are budgeted at USD 279,200. M&E activities will follow FAO and GEF's policies and guidelines for monitoring and evaluation. The M&E system will facilitate learning, replication of the project's results and lessons which will feed the project's knowledge management strategy.

Monitoring Arrangements

Project oversight and supervision will be carried out by the PSC and the Budget Holder with the support of the PTF members (LTO and FLO, GTO and relevant technical units in FAO headquarters). Oversight will ensure that: (i) project outputs are produced in accordance with the project results framework and leading to the achievement of project outcomes; (ii) project outcomes are leading to the achievement of the project objective; (iii) identified, as well as unidentified, risks are continuously monitored and appropriate mitigation strategies are applied; and (iv) agreed project global environmental benefits / adaptation benefits are being delivered.

The FAO-GEF Coordination Unit and HQ Technical units will provide oversight of GEF financed activities, outputs and outcomes largely through the annual Project Implementation Reports (PIRs), periodic backstopping and supervision missions.

Day-to-day project monitoring will be carried out by the PMU. Project performance will be monitored using the project results matrix, including indicators (baseline and targets) and annual work plans and budgets. At inception phase, the results matrix will be reviewed to finalize the identification of (i) outputs (ii) indicators (iii) targets and (iv) any missing baseline information

A detailed M&E plan, which builds on the results matrix and defines specific requirements for each indicator (data collection methods, frequency, responsibilities for data collection and analysis) will be developed during project inception by the M&E Officer. The M&E budget is presented in Table 8.

Monitoring and Reporting

In compliance with FAO and GEF M&E policies and requirements and in consultation with the PSC and PTF, the PMU will prepare the following (i) Project inception report; (ii) Annual Work Plan and Budget (AWP/B); (iii) Project Progress Reports (PPRs); (iv) annual Project Implementation Review (PIR); (v) Technical Reports; (vi) co-financing reports; and (vii) Terminal Report. In addition, the Core Indicators will be used to monitor Global Environmental benefits / adaptation benefits and updated regularly by the PMU.

Project Inception Report. A project inception workshop will be held within two months of the project start date and signature of relevant agreements with partners. During this workshop the following will be reviewed and agreed:

- The proposed implementation arrangement, the roles and responsibilities of each stakeholder group and project partners.
- An update of any changed external conditions that may affect project implementation.
- The results framework, the SMART indicators and targets, the means of verification, and monitoring plan.
- The responsibilities for monitoring the various project plans and strategies, including the risk matrix, the Environmental and Social safeguards and the Environmental and Social Management Framework/Plans, the gender action plan, the stakeholder engagement plan, the knowledge management strategy, and other relevant strategies.
- Finalize the preparation of the first year AWP/B, the financial reporting and audit procedures.
- Schedule the PSC meetings.

The PMU will draft an inception report based on the agreement reached during the workshop and circulate among PSC members, BH, LTO and FLO for review within one month. The final report will be cleared by the FAO BH, LTO and the FAO GEF Coordination Unit and uploaded in FAO's Field Program Management Information System (FPMIS) by the BH.

TABLE 8 PROJECT MONITORING AND EVALUATION BUDGET AND TIMEFRAME

Task	Indicative (USD)	Time frame
Inception Workshop and Report	5,700	Within 60 days of CEO endorsement
Monitoring and Evaluation Officer	72,000	60 months
PSC Meetings	33,000	Twice in a year
M&E required to report on progress made in reaching GEF core indicators and project results included in the project results framework	45,000	Annually and at mid-point and closure.
Annual Planning & Review workshops		Annually typically between June- August
Annual implementation review of Social and Environmental Safeguards	12,500	On-going
Annual implementation review of Gender Action Plan	12,500	On-going
Supervision missions	NA	Annually
Mid-term Review (MTR)	39,000	Dec-27
Terminal Evaluation (TE)	52,500	Dec-29
Terminal report	7,000	Mar-30
Total	279,200	

Results-based Annual Work Plan and Budget (AWP/B)

The PMU will submit to the BH AWP/Bs that are divided into monthly timeframes detailing the activities and progress indicators that would guide implementation during the year of the project. Each AWP/B will be drafted by the Project Coordinator (PC) and submitted for PTF review and approval by the PSC. Necessary changes to the AWP/B - as recommended by the PSC - will be made by the PMU prior to implementation of the AWP/B. The first AWP/B will be drafted during the project's Inception Phase and presented at the project Inception Workshop. As part of the AWP/B, a detailed project budget for the activities to be implemented during the year should be included together with all monitoring and supervision activities required during the year. The inputs of the Inception Workshop will be incorporated, and the PMU will submit a final draft AWP/B within two weeks of the workshop to the BH. For subsequent AWP/B, the PMU will organize PSC meetings for its approval. Once comments have been incorporated, the BH will circulate the AWP/B to the LTO, FLO and the FAO-GEF Coordination Unit for comments/clearance prior to uploading in FPMIS by the BH. The AWP/B must be linked to the Project's Results Framework indicators so that the Project's work is contributing to the achievement of the indicators.

Project Progress Reports (PPR):

After FAO approval of the project and signature of the execution agreement, PPRs will be prepared based on the systematic monitoring of output and outcome indicators identified in the Project Results Framework (Annex C), AWP/B, M&E Plan and safeguards. Each semester the PC will prepare a draft PPR on a six-month semester basis and will collect and consolidate any comments from the FAO PTF. The PMU will submit the final PPRs to the FAO Representation in Bhutan every six months, prior to 31 July (for January and June semester) and before 31 January (for July and December semester). The July-December semester report should be accompanied by the updated AWP/B for the following Project Year (PY) for review and no-objection by the FAO PTF. The Budget Holder has the responsibility to coordinate the preparation and finalization of the PPR, in consultation with the PMU, LTO and the FLO. After LTO, BH and FLO clearance, the FLO will ensure that project progress reports are uploaded in FPMIS in a timely manner.

Project Implementation Report (PIR):

The annual PIR, required by the GEF, will be used to assess progress towards achieving the project objectives and implementation progress and challenges, risks and mitigation measures. The PMU will prepare a consolidated annual PIR report covering the period July (the previous year) through June (current year) for each year of implementation, in collaboration with national project partners (including the GEF OFP), the Lead Technical Officer, and the GTO/FLO. The Budget Holder will ensure that the PMU will monitor and report on the progress of the project results framework, the status of the implementation of safeguards. The FAO-GEF Coordination unit will submit the final and cleared version of the report to the GEF Secretariat and upload it under the relevant section in FPMIS.

The PIRs will include analysis and review of the GAP and relevant gender dimensions of the project.

Technical Reports:

Technical reports will be prepared as part of project outputs, including safeguards, and to document and share project outcomes and lessons learned. The LTO will be responsible for ensuring appropriate technical review and clearance of technical reports. Copies of the technical reports will be distributed to project partners and the PSC as appropriate.

Co-financing Reports:

The PMU will be responsible for tracking co-financing materialized against the confirmed amounts at project approval and reporting. The co-financing report, which covers the GEF fiscal year (1 July through 30 June), is to be submitted on or before 31 July and will be incorporated into the annual PIR. The co-financing report needs to include the activities that were financed by the contribution of the partners.

Tracking and reporting on results across the GEF 8 core indicators and sub-indicators:

The GEF Core Indicators provided under Section B.2 of this project document will be used to monitor global environmental benefits. Throughout the implementation period of the project, the PMU is required to track the project's progress in achieving these results across applicable core indicators and sub-indicators. Before the project mid-term and project completion stage, the PMU in consultation with the PTF and the FAO-GEF CU are required to report achieved results against the core indicators and sub-indicators used at CEO Endorsement/ Approval.

Terminal Report

The PMU will prepare the Terminal Report three months before the actual end date of the project (NTE) – and prior to the completion of the Final Evaluation exercise – the PMU will submit to the BH and LTO a draft Terminal Report. The main purpose of the Terminal Report is to give guidance at ministerial or senior government level on the policy decisions required for the follow-up of the project, and to provide the donor with information on how the funds were utilized. The Terminal Report is a concise account of the main products, results, conclusions and recommendations of the project. The target readership consists of persons who are not necessarily technical specialists but who need to understand the policy implications of technical findings and needs for ensuring sustainability of project results.

Evaluations**Mid-Term Review**

The Budget Holder is responsible for the conduct of the Mid-Term Review (MTR) of the project in consultation with the FAO-GEF Coordination Unit halfway through implementation. He/she will contact the FAO-GEF Coordination Unit about 3 months before the project half-point (within 3 years of project CEO Endorsement) to initiate the MTR exercise.

The MTR will (i) assess the progress made towards achievement of planned results, including implementation of safeguards; (ii) identify problems and make recommendations to redress the project; and (iii) highlight good practices, lessons learned and areas with the potential for upscaling.

To support the planning and conduct of the MTR, the FAO GEF CU has developed a guidance document “The Guide for planning and conducting Mid-Term Reviews of FAO-GEF projects and programmes”. The FAO-GEF CU will appoint an MTR focal point who will provide guidance on GEF specific requirements, quality assurance on the review process and overall backstopping support for the effective management of the exercise and for timely submission of the MTR report to the GEF Secretariat.

After the completion of the MTR, the BH will be responsible for the distribution of the MTR report at country level (including to the GEF OFP) and for the preparation of the Management Response within 4 weeks and share it with national partners, GEF OFP and the FAO-GEF CU. The BH will also send the updated core indicators used during the MTR to the FAO-GEF CU for their submission to the GEF Secretariat. The MTR report will be uploaded under the relevant section in FPMIS documents.

Terminal Evaluation

The GEF evaluation policy foresees that all Medium and Full-sized projects require a separate terminal evaluation. Such evaluation provides: (i) accountability on results, processes, and performance; (ii) recommendations to improve the sustainability of the results achieved; and (iii) lessons learned as an evidence-base for decision-making to be shared with all stakeholders (government, execution agency, other national partners, the GEF and FAO) to improve the performance of future projects.

The Budget Holder will be responsible for contacting the OED within six months prior to the actual completion date (NTE date). OED will manage the decentralized independent terminal evaluation of this project and will be responsible for quality assurance. Independent external evaluators will conduct the terminal evaluation of the project considering the “GEF Guidelines for GEF Agencies in Conducting Terminal Evaluation for Full-sized Projects”. The FAO Office of Evaluation (OED) will be responsible for the quality assessment of the terminal evaluation report, including the GEF ratings.

The Terminal Evaluation will provide: (i) accountability on results, processes, and performance; (ii) recommendations to improve the sustainability of the results achieved; and (iii) lessons learned as an evidence-base for decision-making to be shared with all stakeholders (government, execution agency, other national partners, the GEF and FAO) to improve the performance of future projects.

After the completion of the terminal evaluation, the BH will be responsible to prepare the management response to the evaluation within 4 weeks and share it with national partners, GEF OFP, OED and the FAO-GEF CU. The BH will also send the updated core indicators used during the TE to the FAO-GEF CU for their submission to the GEF Secretariat.

The Terminal Evaluation report shall be discussed with the PSC during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.

Monitoring Plan: The project results, corresponding indicators and mid-term and end-of-project targets in the project results framework will be monitored by the PMU annually, and will be reported in the GEF PIR every year, and will be evaluated periodically during project implementation. If baseline data for some of the results indicators is not yet available, it will be collected during the first year of project implementation. Project risks, as outlined in the risk register, will be monitored quarterly.

M.2 FINANCIAL MANAGEMENT

Financial management, in relation to the GEF resources directly managed by FAO, will be carried out in accordance with FAO’s rules and procedures as outlined below. The OP is accountable to FAO for achieving the agreed project results and for the effective use of resources made available by FAO. Financial management and reporting for the funds transferred to the OP will be done by the OP in accordance with

terms, conditions, formats and requirements of FAO and the provisions of the signed Operational Partners Agreement (OPA). The administration by the OP of the funds received from FAO shall be carried out under its own financial regulations, rules and procedures, which shall provide adequate controls to ensure that the funds received are properly administered and expended. The Operational Partner shall maintain the account in accordance with generally accepted accounting standards.

Financial Records. FAO shall maintain a separate account in United States dollars for the project's GEF resources showing all income and expenditures. FAO shall administer the project in accordance with its regulations, rules and directives. The OP shall maintain books and records that are accurate, complete and up-to-date. The OP's books and records will clearly identify all Fund Transfers received by the OP as well as disbursements made by the OP under the OPA, including the amount of any unspent funds and interest accrued.

Financial Reports. The BH shall prepare quarterly (or at least six-months) project expenditure accounts and final accounts for the project, showing amount budgeted for the year, amount expended since the beginning of the year, and separately, the unliquidated obligations as follows: (i) Details of project expenditures on outcome-by-outcome basis, reported in line with Project Budget as at 30 June and 31 December each year; (ii) Final accounts on completion of the Project on a component-by-component and outcome-by-outcome basis, reported in line with the Project Budget; (iii) A final statement of account reflecting actual final expenditures under the Project, when all obligations have been liquidated.

The OP will prepare the financial reports in accordance with terms, conditions, formats and requirements of FAO and the provisions of the signed OPA. The BH will review and approve requests for funds and financial reports of the OP. The subsequent installments can be released only based on the BH confirmation that all expenditures are eligible and all OPA requirements are fulfilled to the satisfaction of FAO. The BH will withhold any payment due to the OP in case of non-compliance with the reporting obligations detailed in the OPA.

Financial reports for submission to the donor (GEF) will include both FAO- and OP-managed resources, will be prepared in accordance with the provisions in the GEF Financial Procedures Agreement and submitted by the FAO Finance Division.

Responsibility for Cost Overruns. As regards resources directly managed by FAO, the BH shall utilize the GEF project funds in strict compliance with the Project Budget (Appendix A2) and the approved AWP/Bs. The BH can make variations provided that the total allocated for each budgeted project component is not exceeded and the reallocation of funds does not impact the achievement of any project output as per the project Results Framework (Appendix A1). At least once a year, the BH will submit a budget revision for approval of the LTO and the FAO/GEF Coordination Unit. Overruns on cost shall be the sole responsibility of the BH.

As regards resources managed by the OP, the OP shall utilize the funds received from FAO in strict compliance with the provisions of the signed OPA and its Annexes, including approved work plan and budget. The OP can make variations not exceeding 10 percent on any budget heading. Any variations above 10 percent on any budget heading that may be necessary will be subject to prior consultations with and approval by FAO.

Under no circumstances can expenditures exceed the approved total project budget or be approved beyond the NTE date of the OPA and/or the project. Any over-expenditure is the responsibility of the BH.

Audit. The project shall be subject to the internal and external auditing procedures provided for in FAO financial regulations, rules and directives and in keeping with the Financial Procedures Agreement between the GEF Trustee and FAO.

The audit regime at FAO consists of an external audit provided by the Auditor-General (or persons exercising an equivalent function) of a member nation appointed by the Governing Bodies of the

Organization and reporting directly to them, and an internal audit function headed by the FAO Inspector-General who reports directly to the Director-General. This function operates as an integral part of the Organization under policies established by senior management, and furthermore has a reporting line to the governing bodies. Both functions are required under the Basic Texts of FAO which establish a framework for the terms of reference of each. Internal audits of accounts, records, bank reconciliation and asset verification take place at FAO field and liaison offices on a cyclical basis.

Specific provisions for auditing the OP managed funds are included in the signed OPA. During implementation, assurance activities are organized by FAO to determine whether the progress has been made and whether funds transferred to OP were used for their intended purpose, in accordance with the work plan and relevant rules and regulations. This may include, but is not limited to, monitoring missions, spot checks, quarterly progress and annual implementation reviews, and audits on the resources received from FAO.

Procurement. Careful procurement planning is necessary for securing goods, services and works in a timely manner, on a “Best Value for Money” basis. It requires analysis of needs and constraints, including forecasts of the reasonable timeframe required to execute the procurement process.

Procurement will follow OP rules and regulations for the procurement of supplies, equipment and services. The OP will draw up a procurement plan as part of the supporting documentation to each request for funds submitted to FAO. The plan will include a description of the goods, works, or services to be procured, estimated budget and source of funding, schedule of procurement activities and proposed method of procurement. In situations where exact information is not yet available, the procurement plan should at least contain reasonable projections that will be corrected as information becomes available.

The procurement plan shall be updated at least twice per year and submitted to FAO BH and LTO for clearance.

M3. FAO’s OVERSIGHT

FAO will be the GEF Implementing Agency of the project. As such, FAO has the project assurance role and will supervise and provide technical guidance for the overall implementation of the project, including:

- a) Assessing Operational Partner’s technical support needs and fiduciary standards.
- b) Monitoring and overseeing the OP’s compliance with the OPA and project implementation in accordance with the project document, work plans, budgets, agreements with co-financiers and the rules and procedures of FAO and GEF.
- c) Commence and complete the responsibilities allocated to it in the Project Document in a timely manner, provided that all necessary reports and other documents are available.
- d) Making transfers of funds, as applicable, in accordance with the provisions of the OPA.
- e) Administering the portion of project GEF funds that has been agreed with the OP to remain for FAO direct administration. These funds will be managed in accordance with the rules and procedures of FAO.
- f) Organizing and completing monitoring, assessment, assurance activities and evaluation of the Project.
- g) Reviewing and discussing the OP, and then approving the project progress and financial reports, as detailed in the OPA and its annexes, undertaking and completing monitoring, assessment, assurance activities, evaluation and oversight of the project.
- h) Liaising on an ongoing basis, as needed, with the Government (as applicable), other members of the United Nations Country Team, Resource Partner, and other stakeholders.

- i) Providing overall guidance, oversight, technical assistance and leadership, as appropriate, for the Project.
- j) Providing financial and audit services to the project including budget release, budget revisions and administration of funds from GEF in accordance with rules and procedures of FAO.
- k) Overseeing financial expenditures against project budgets.
- l) Ensuring that all activities, including procurement and financial services are carried out in strict compliance with FAO and GEF relevant procedures and agreements.
- m) Initiating joint review meetings with the OP to agree on the resolution of findings and to document the lessons learned.
- n) Reporting to the GEF Secretariat and Evaluation Office, through the annual Project Implementation Review, on project progress and providing consolidated financial reports to the GEF Trustee.
- o) Conducting at least one supervision mission per year.
- p) Leading the Mid-Term Review and Terminal Evaluation.
- q) Monitoring implementation of the plan for social and environmental safeguards, in accordance with the FAO Environmental and Social Safeguards, and
- r) Triggering additional reviews, audits and/or evaluations, as necessary.

In collaboration with the PMU and under the overall guidance of the PSC, FAO will participate in the planning of contracting and technical selection processes. FAO will process fund transfers to the OP as per provisions, terms and conditions of the signed OPA.

The FAO Representative in Bhutan will be the Budget Holder (BH) and will be responsible for timely operational, and financial management of GEF resources implemented -. The budget holder will be also responsible for (i) managing OPIM for results, including monitoring of risks and overall compliance with the OPA provisions; (ii) review and clear financial and progress reports received from the OP and certify request for funds (iii) review and clear budget revisions and annual work plan and budgets; (iv) ensure implementation of the Risk Mitigation and Assurance Plan v) follow up and ensure that the OP implements all actions and recommendations agreed upon during Assurance Activities.

As a first step in the implementation of the project, the FAO Representation will establish an interdisciplinary Project Task Force (PTF) within FAO, to guide the implementation of the project. The PTF is a management and consultative body that integrates the necessary technical qualifications from the FAO relevant units to support the project. The PTF is composed of a Budget Holder, a Lead Technical Officer (LTO), the Funding Liaison Officer (FLO) and one or more technical officers based in FAO Headquarters (HQ Technical Officer).

The FAO Representative, in accordance with the PTF, will give its non-objection to the AWP/Bs submitted by the PMU as well as the Project Progress Reports (PPRs). PPRs may be commented on by the PTF and should be approved by the LTO before being uploaded by the BH in FPMIS.

The Lead Technical Officer (LTO) for the project will be in the FAO Regional Office for Asia and the Pacific (RAP). The role of the LTO is central to FAO's comparative advantage for projects. The LTO will oversee and carry out technical backstopping to the project implementation. The LTO will support the BH in the implementation and monitoring of the AWP/Bs, including work plan and budget revisions. The LTO is responsible and accountable for providing or obtaining technical clearance of technical inputs and services procured by the Organization.

In addition, the LTO will provide technical backstopping to the PMU to ensure the delivery of quality technical outputs. The LTO will coordinate the provision of appropriate technical support from PTF to respond to requests from the PSC. The LTO will be responsible for the following:

- a) Assess the technical expertise required for project implementation and identify the need for technical support and capacity development of the OP.
- b) Provide technical guidance to the OP on technical aspects and implementation.
- c) Review and give no-objection to TORs for consultancies and contracts to be performed under the project, and to CVs and technical proposals short-listed by the PMU for key project positions and services to be financed by GEF resources.
- d) Review and give clearance for the OP's procurement plans.
- e) Supported by the FAO Representation, review and clear final technical products delivered by consultants and contract holders financed by GEF resources.
- f) Assist with review and provision of technical comments to draft technical products/reports during project implementation.
- g) Review and approve project progress reports submitted by the National Program Director (NPD), in cooperation with the BH.
- h) Support the FAO Representative in examining, reviewing and giving no-objection to AWP/B submitted by the NPD, for their approval by the Project Steering Committee.
- i) Ensure the technical quality of the six-monthly Project Progress Reports (PPRs). The PPRs will be prepared by the NPD, with inputs from the PMU. The BH will submit the PPR to the FAO/GEF Coordination Unit for comments, and the LTO for technical clearance. The PPRs will be submitted to the PSC for approval twice a year. The FLO will upload the approved PPR to FPMIS.
- j) Supervise the preparation and ensure the technical quality of the annual PIR. The PIR will be drafted by the NPD, with inputs from the PT. The PIR will be submitted to the BH and the FAO-GEF Coordination Unit for approval and finalization. The FAO/GEF Coordination Unit will submit the PIRs to the GEF Secretariat and the GEF Evaluation Office, as part of the Annual Monitoring Review report of the FAO-GEF portfolio. The LTO must ensure that the NPD and the PMU have provided information on the co-financing provided during the year for inclusion in the PIR.
- k) Conduct annual supervision missions.
- l) Provide comments to the TORs for the mid-term and final evaluation; provide information and share all relevant background documentation with the evaluation team; participate in the mid-term workshop with all key project stakeholders, development of an eventual agreed adjustment plan in project execution approach and supervise its implementation; participate in the final workshop with all key project stakeholders, as relevant. Contribute to the follow-up to recommendations on how to ensure sustainability of project outputs and results after the end of the project.
- m) Monitor implementation of the Risk Mitigation Plan, in accordance with the FAO Environmental and Social Safeguards.

The **HQ Technical Officer** is a member of the PTF, as a mandatory requirement of the FAO Guide to the Project Cycle. The HQ Technical Officer has the most relevant technical expertise - within FAO technical departments - related to the theme of the project. The HQ Technical Officer will provide effective functional advice to the LTO to ensure adherence to FAO's corporate technical standards during project implementation, in particular:

- a) Supports the LTO in monitoring and reporting on implementation of environmental and social commitment plans for moderate risk projects. In this project, the HQ officer will support the LTO in monitoring and reporting the identified risks and mitigation measures (Appendix H2) in close coordination with the OP.
- b) Provides technical backstopping for the project work plan.

- c) Clears technical reports, contributes to and oversees the quality of Project Progress Report(s).
- d) Supports the LTO and PTF for implementation and monitoring.
- e) Contributes to the overall ToR of the Mid-term and Terminal Evaluation, reviews the composition of the evaluation team and supports the evaluation function.

The FAO-GEF Coordination Unit will provide Funding Liaison (FLO) functions and GEF-specific technical advisory services by GEF Technical Officer across the entire project cycle from A to Z. The FAO-GEF Coordination Unit will review and provide a rating in the annual PIR(s) and will undertake supervision missions as necessary in coordination with the rest of the Project Task Force. The PIRs will be included in the FAO-GEF Annual Monitoring Review submitted to GEF by the FAO-GEF Coordination Unit. The FAO-GEF Coordination Unit may also participate or lead the mid-term evaluation, and in the development of corrective actions in the project implementation strategy if needed to mitigate eventual risks affecting the timely and effective implementation of the project. The FAO-GEF Coordination Unit will, in collaboration with the FAO Finance Division, request transfer of project funds from the GEF Trustee based on six-monthly projections of funds needed.

The FAO Financial Division will provide annual Financial Reports to the GEF Trustee and, in collaboration with the FAO-GEF Coordination Unit, request project funds on a six-monthly basis to the GEF Trustee.

ANNEX N: DETAILS FOR EACH PRIORITY COMMODITY

CEREAL

QUINOA

Key issues: farmers lack knowledge of cultivation practices leading to suboptimal yields; limited choice of variety and access to high-quality seeds affects crop productivity; limited processing facilities, underdeveloped value-added products and limited access to and knowledge of international markets.

Key needs for improvement: introduce locally adapted, high quality seeds; train farmers in best practices; improve processing facilities; create diverse quinoa-based products; develop marketing strategies; establish stronger linkages between producers and markets, both domestically and internationally.

BUCKWHEAT

Key issues: Limited knowledge of and access to technology; focus on traditional varieties and methods; soil and climate constraints; insufficient processing facilities and lack of standardized processing practices; limited market access; underdeveloped product range.

Key needs for improvement: training on farming techniques and sustainable practices; develop high-yield and disease-resistant varieties; establish and upgrade milling and processing facilities; implement standardized processing methods; strengthen market linkages; encourage the development of buckwheat-based products (e.g., flour, snacks); promote buckwheat as a nutritionally superior food and valuable product through branding and marketing strategies.

MAIZE

Key issues: scattered production in remote villages makes collection expensive; maize products are limited to *tengma* (roasted and flattened maize) *kharang* (maize grits) and *Ara* (distilled alcoholic drink); there is a huge unmet demand for seeds from the National Seed Centre.

Key needs for improvement: enhance access to high-quality improved varieties of seed; encourage the private sector to invest in seed production and training to reduce post-harvest losses through improved storage facilities and better handling practices; develop efficient market linkages and improve transportation infrastructure; encourage value addition activities (processing and packaging).

VEGETABLES

Key issues: limited access to quality inputs (seeds, irrigation), inefficient practices, and susceptibility to weather; transportation constraints and limited market information; lack of infrastructure for storage and transport, inadequate branding, labeling and marketing strategies.

Key needs for improvement: improve access to quality inputs to improve productivity and crop quality; improve training and extension services; introduce climate-controlled ‘protected agriculture’ (greenhouse) systems, cold storage, and transportation; improve market access and reduce post-harvest losses; enhance processing, packaging, labeling and branding; establish reliable market information systems to provide farmers with timely market data and price information to make informed decisions.

POTATO

Key issues: land fragmentation, limited access to quality seeds, fertilizers and irrigation facilities; pests and diseases pose significant threats to yield and quality; lack of post-harvest handling techniques and cold chain infrastructure; underutilized value addition through processing (e.g., chips, flakes, and starch); and lack of institutional support for farmer cooperatives and producer groups.

Key needs for improvement: improve access to quality seeds to enhance productivity; implement effective pest and disease management strategies; enhance post-harvest handling and cold chain infrastructure; explore value addition opportunities; provide institutional support and capacity building.

POULTRY

Key issues: poor access to quality breeds, feed, and veterinary services; limited biosecurity measures and disease outbreaks pose significant risks to flock health and productivity; market access constraints, including transportation and market information gaps; insufficient capacity-building.

Key needs for improvement: improve inputs (quality chicken breeds, feed, and veterinary services) to enhance production and flock health; strengthen biosecurity measures to mitigate disease risks; address market access constraints and provide market information to enable farmers to access markets; build capacity on production practices, disease management, and market linkages.

EGGS

Key issues: similar challenges and risks as chicken production including access to quality inputs, disease management, and market price fluctuations; lack of quality control, packaging, and storage; inadequate egg processing facilities and value-added egg products.

Key needs for improvement: enhance input access and disease management; improve egg quality and safety measures; promote small-scale egg production.

DAIRY

Key issues: challenges in breed improvement, feed availability, and animal health management; limited access to modern milking equipment and processing facilities; market access constraints and price volatility; lack of investment in infrastructure and technology.

Key needs for improvement: breed improvement and animal health management; invest in modern milking equipment and processing facilities; address market access constraints and price volatility; support dairy cooperatives and producer groups and invest in infrastructure and technology.

The selection of commodities and *gewogs* is shown in Table 1 and shown graphically in the annex.

Table 1 SELECTION OF GEWOG AND COMMODITIES

Dzongkhag	Gewog	Agriculture	Livestock management
Market oriented			
Lhuentse	Tsaenkhar	Maize, Potato	
	Minjey		Dairy
Mongar	Drepong	Quinoa	Poultry
	Silambi	Buckwheat	Dairy
	Jurmey		Dairy

Dzongkhag	Gewog	Agriculture	Livestock management
	Narang	Vegetables, Potato	
Pemagatshel	Decheling		Dairy, Poultry
	Nanong	Maize, Vegetables, Potato	
	Zobel	Quinoa, Potato	
Samdrupjongkhar	Langchenphu	Quinoa, Potato	
	Gomdar	Buckwheat	
	Martshala	Potato	Dairy
	Lauri	Potato, Maize, Quinoa	
	Serthig	Maize, Vegetables, Quinoa	
Trashigang	Lumang	Maize	Poultry
	Kangpar	Vegetables, Maize	Poultry
	Khaling	Integrated Farm	
	Yangnyer	Potato	Dairy
Trashiyangtse	Khamdang	Maize	Dairy, Poultry
	Bumdeling	Quinoa, Buckwheat	Dairy, Poultry
	Ramjar	Vegetables	Dairy, Poultry
Semi-subsistence			
Trashigang	Merak		Dairy, Rangeland management
	Sakteng		Dairy, Rangeland management

ANNEX O: PRIVATE SECTOR ENGAGEMENT SCOPE AND OPPORTUNITIES UNDER GEF FS IP



Private Sector
engagement scope an



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