



Royal Kingdom of Bhutan

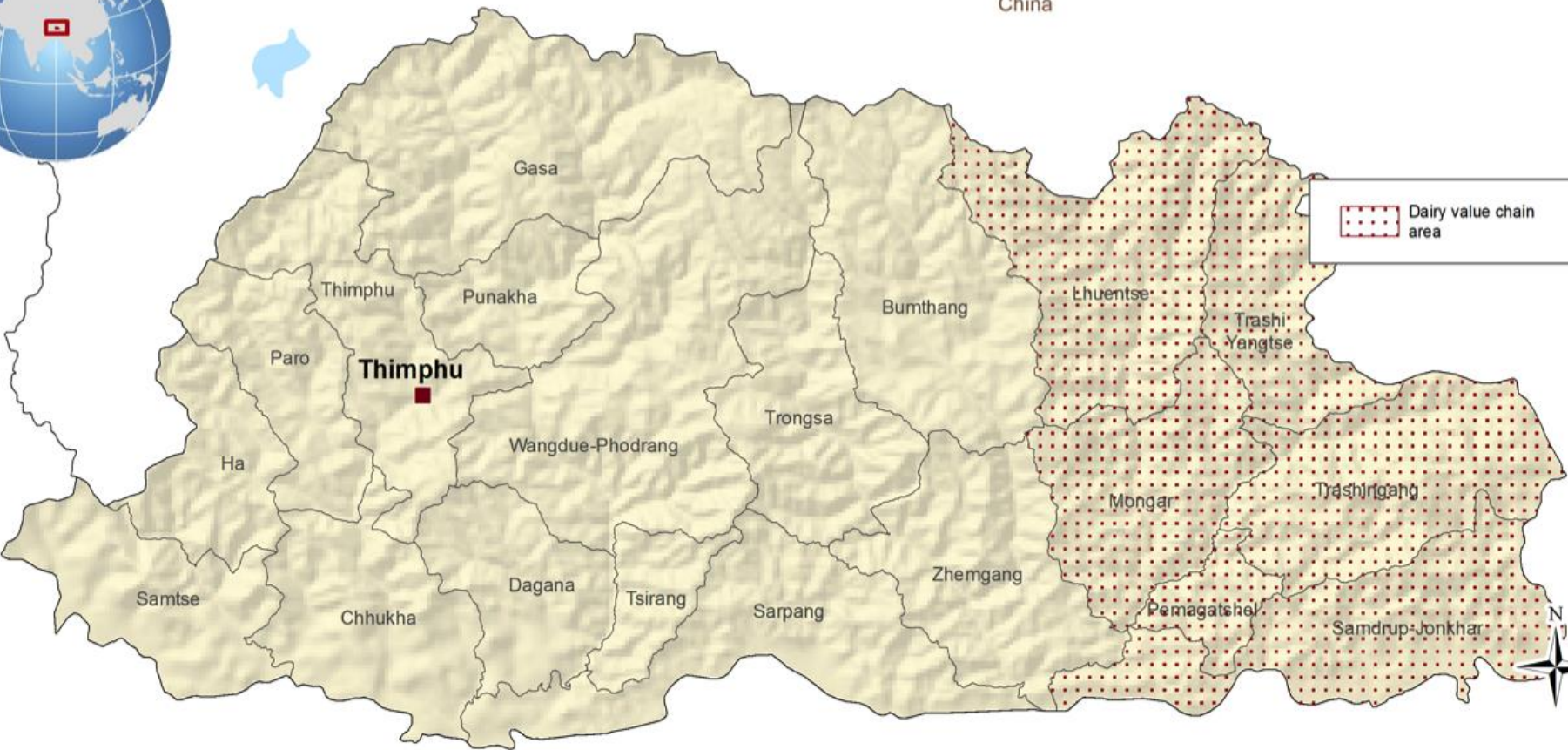
Development of IFAD Country Strategy Note

DPG meeting – 17 November 2021

BACKGROUND

- Thirty six year partnership between RGoB and IFAD - 8 projects.
 - On-going CARLEP
- IFAD's interventions have primarily targeted smallholder farming communities in the 6 eastern Dzongkhags in some of the most remotest areas
- Key investments in production improvements related to crop and livestock sub-sectors, marketing and enterprise development, rural infrastructure (irrigation, farm access roads, HWC, milk chilling and cold storage, and markets) and rural financial services.
- Support to government policy processes relevant to poverty reduction and agricultural development

Geographic Focus of Current IFAD Operations



 Dairy value chain area

0 25 50 km

India

China



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 29-09-2014

RATIONALE AND TIMEFRAME

- Agri-food production unable to keep pace with a growing demand of an increasing population.
- Food imports are over 50% while exports have failed to witness significant growth.
- Inherent structural and systemic challenges - small and scattered land holdings, minimal inputs, low mechanization, decreasing labour pool, distribution challenges and insufficient private sector engagement - result in high production costs and sub-optimal yields.
- CSN 2022 – 2023 (possible extension to 2024)
- PBAS allocation of approx. US\$ 9 mil highly concessional loan
 - Leverage environment/climate and other grant finance

STRATEGIC OBJECTIVES

- **SO1: Foster transformation of smallholder agricultural production into inclusive, equitable, diverse and resilient agri-food systems**
- **SO2: Create an enabling environment for private sector enterprise development in the agri-food sector for engaging youth in lucrative commercial ventures**
- Target rural poor with a focus on women and youth
- Resilience to climate and other shocks
- Emphasis on private sector engagement and business enterprise development

STRATEGIC OBJECTIVES con.

- The CSN is aligned with the policies of the national RNR Strategy 2040, draft RNR Marketing Strategy (2021), Economic Contingency Plan (2020), and Flagship Program for the Development of the Organic Sector 2018 – 2023, and Bhutan’s Food Systems Pathways.
- United Nations Sustainable Development Partnership Framework (UNSDPF 2019-2023)
- Drawing on feedback from FSS consultations
- In-depth consultation with MOAF, ARDC, RLDC, RAMCO
- Consultation with development partners – on-going

PLANNED IFAD ENGAGEMENT

- Continue improvements in production of crop, poultry and livestock
 - Farmer groups and cooperatives
- Create an ecosystem of services that support agroecological farming systems
 - Cadre of expert lead farmers and community animal health technicians
 - Provision of organic inputs (compost, soil stimulants, bio-pesticides, companion plants)
 - Small-scale climate resilient infrastructure and O&M
 - Access to labor-saving equipment, including renewable energy technologies
 - Financial and digital agri services

PLANNED IFAD ENGAGEMENT con.

- Develop business enterprises along the different segments of the agri-food value chain.
 - On-farm post-harvest processing, aggregation and collection, storage and cold chains, packaging and branding, value-added processing, transportation and distribution, wholesaling, retailing and export.
- Bring together the youth and investors into mutually beneficial partnerships that transform agroecological farming into a productive and economically lucrative venture.
- Address policy and regulatory impediments to competitiveness along the different value chain, including on trade, marketing and access to land and finance.

Partnerships and Collaboration to Implement the CSN

- MOAF, ARDC, RLDC, RAMCO
- NGOs (Taryana Foundation, Samdrup Jonkhar Initiative)
- Development cooperation partners

Policy Support

Marketing

Food security and nutrition

Rural infrastructure

Farmer organizations and cooperatives

Gender mainstreaming

Commercialization & value addition

Access to financial services