



**KINGDOM OF BHUTAN  
MINISTRY OF AGRICULTURE & LIVESTOCK**



**BUILDING RESILIENT COMMERCIAL SMALLHOLDER AGRICULTURE (BRECSA)**

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## **Annual Progress Report 2024- 2025**



**Project Management Unit (PMU)**

**Gelephu**

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**CURRENCY EQUIVALENTS**

Currency Unit		Ngultrum (BTN) *
USD 1.00	=	BTN 82.30

\* The Bhutan Ngultrum (BTN) is pegged with the India Rupees (INR)

**WEIGHTS AND MEASURES**

International metric system, unless otherwise mentioned, and except for:

1 kilogram	=	1000 gm
1 kilometer	=	0.62 mile
1 meter	=	1.09 yards
1 square meter	=	10.76 square feet
1 acre	=	0.4047 hectares (ha)
1 hectare	=	2.47 acres
1 Langdo	=	1400 m <sup>2</sup>

## ABBREVIATIONS

ADAO	Assistant Dzongkhag Agriculture Officer
ADLO	Assistant Dzongkhag Livestock Officer
AI	Artificial Insemination
ALD	Agriculture Land Development
AOS	Annual Outcome Survey
ARDC	Agriculture Research and Development Centre
ASF	African Swine Fever
AWB	Annual Work Plan and Budget
B2B	Business to Business
BAIL	Bhutan Agro Industries Ltd.
BDBL	Bhutan Development Bank Limited
BFDA	Bhutan Food and Drugs Authority
CAHW	Community Animal Health Worker
CAIT	Community Artificial Insemination Technician
CARLEP	Commercial Agriculture & Resilient Livelihood Enhancement Programme
CEO	Chief Executive Officer
CHBP	Contract Heifer and Bull Production Program
CM	Component Manager
CMT	Contract Monitoring Tool
CSI	Cottage and Small Industries
Coop	Cooperative
DAMC	Department of Agriculture Marketing and Cooperatives
DAO	Dzongkhag Agriculture Officer
DE	District Engineer
DFG	Dairy Farmer Groups
DHI	Druk Holding and Investment
DLO	Dzongkhag Livestock Officer
DoA	Department of Agriculture
DoL	Department of Livestock
DPO	Dzongkhag Planning Officer
DPrO	Dzongkhag Procurement Officer
DPBP	Department of Planning, Budget and Performance
DTA	Department of Treasury and Accounts
DT	Dzongkhag Tshogde
EDMO	Economic Development & Marketing Officer
FA	Financing Agreement
FCBL	Food Corporation of Bhutan Limited
FG	Farmer Group
GCF	Green Climate Fund
GEF	Global Environment Facility
GEO	Gewog Extension Officer
GoI	Government of India
GT	Gewog Tshogde
HPS	Heifer Production Scheme
ICT	Information, Communication Technology
IFAD	International Fund for Agricultural Development
IFPP	Integrated Food Processing Plant
KM	Knowledge Management
LSD	Lumpy Skin Disease
LUC	Land Use Certificate

M&E	Monitoring and Evaluation
MCC	Milk Collection Center
MCS	Milk Collection Sheds
MGF	Matching Grant Facility
MIS	Marketing Information System
MoAL	Ministry of Agriculture and Livestock
MoF	Ministry of Finance
MPU	Milk Processing Unit
MSP	Multi-Stakeholders' Platform
MYRB	Multi Year Rolling Budget
NBIN	National Bovine Identity Number
NCAH	National Center for Animal Health
NCB	National Competitive Bidding
NDDC	National Dairy Development Center
NEC	National Environment Commission
NGOs	Non-Governmental Organizations
NMC	National Mushroom Centre
NOP	National Organic Programme
NPHC	National Post Harvest Centre
NPPC	National Plant Protection Centre
NPSC	National Programme Steering Committee
NSC	National Seed Centre
NSSC	National Soil Service Centre
O&M	Operation and Maintenance
OPM	Office of the Programme Management
PCC	Plain Cement Concrete
PLC	Programme Letter of Credit
PPD	Policy and Planning Division
PPP	Public Private Partnership
PRR	Procurement Rules & Regulations
RAMC	Regional Agriculture Machinery Centre
RAMCO	Regional Agricultural Marketing and Cooperative Office
RGoB	Royal Government of Bhutan
RIMS	Results and Impact Management System
RMA	Royal Monetary Authority
SLM	Sustainable Land Management
SJs	Sonam Jabchorpas
SOE	Statement of Expenditure
TA	Technical Assistant
ToT	Training of Trainers
VC	Value Chain
WA	Withdrawal Application



## A. BACKGROUND

This report presents the second-year progress of the Building Resilient Commercial Smallholder Agriculture (BRECSA) project, which was officially launched on 28 August 2023 by the Hon'ble Secretary of the Ministry of Agriculture and Livestock (MoAL). The project is funded through a USD 13 million grant from the Global Agriculture and Food Security Program (GAFSP), co-financed by a highly concessional loan of USD 8.934 million from the International Fund for Agricultural Development (IFAD). IFAD is the overall supervising entity for the project, while World Food Programme (WFP) provides technical assistance and implementation support to the project.

BRECSA is being implemented across four Dzongkhags of Sarpang, Trongsa, Tsirang, and Zhemgang encompassing 37 Gewogs and 539 villages. The project aims to achieve a 30% increase in resilient commercial agricultural production and enhance food and nutrition security in the target regions by 2030. Its overarching development objective is to transform smallholder agriculture into inclusive, resilient, and profitable agri-food systems that ensure food and nutrition security.

The Project Management Unit (PMU), based in Gelephu Gewog, Sarpang Dzongkhag, is responsible for coordinating implementation, monitoring, and reporting activities. Key implementing partners include the four target Dzongkhags, the Regional Agriculture Marketing and Cooperatives Office (RAMCO) under MoAL, and the Bhutan Food and Drug Regulatory Authority (BFDA) under the Ministry of Health. WFP continues to provide technical support.

BRECSA is structured around four interlinked components namely, Component 1: Resilient Production Systems, which focuses on nutrition, commercial farming investments, and social inclusion, guided by the CLEAR analysis and Agriculture Resilience Plan (ARP). Component 2: Strengthened Value Chain Coordination and Market Linkages, which strives to enhance commercial farming investments through efficient value chain operations, market connectivity, and multi-stakeholder platforms. Component 3: Innovative and Competitive Agri-Food Sector, which promotes innovation and competitiveness in the value chain through digital technologies and policy dialogue, and Component 4: Project Management and Operating Cost, that ensures adequate financial coverage for all recurring and essential operational expenses required to implement and sustain project activities.

By 2030, the project is expected to benefit 47,088 individuals, including 60% women and 30% youth. Additionally, it will support 600 persons with disabilities and 5,800 female-headed households. BRECSA will establish and strengthen 150 producers' organizations and 30 agri-food enterprises. The project also targets the creation of 3,740 rural jobs and anticipates that 7,243 households—representing 60% of project beneficiaries—will adopt environmentally sustainable and climate-resilient technologies. In total, 12,074 households across the four Dzongkhags are expected to benefit by the end of the project period.

In line with the overarching goal and objective, the project implemented 94 activities, with 77 activities implemented by the implementing agencies and 17 activities implemented by PMU mainly related to the project coordination, monitoring and evaluation and knowledge management. This report presents the highlights of the activities implemented by outputs under each component in the fiscal year 2024-2025.

## **B. CHANGES IN IMPLEMENTATION CONTEXT AND DESIGN**

There were no major changes in implementation context and design during the reporting period except a few changes, which are outlined below:

### **TA Implementation Arrangement**

The recruitment and management of Sanam Jabchorpas (SJs) and implementation of nutrition component under the WFP Technical Assistance was outsourced to Tarayana Foundation through a formal agreement. The Tarayana Foundation implemented a number of activities including capacity development on nutrition-sensitive agriculture interventions, qualitative behaviour research and initiated establishment of nutrition model gardens across four target Dzongkhags.

Specifically, Tarayana Foundation organized basic community mobilization training to Sanam Jabchorpas (SJs), conducted basic nutrition-sensitive agriculture and climate smart agriculture technologies as a foundation toward establishing model nutrition gardens to Dzongkhag and Gewog Agriculture and Livestock Extension staff, which are reported separately by WFP.

### **Dzongkhag Project Coordination Committee (DPCC)**

The timely release of funds coupled with enhanced coordination enabled successful conduct of DPCC meetings across four target Dzongkhags. Consequently, the Annual Work Plan and Budget (AWPB) was formulated and endorsed by DPCC in line with the project requirement.

### **Project Steering Committee (PSC)**

The third PSC was held on 15<sup>th</sup> January 2025 at Pangbang, Zhemgang where guiding project documents and AWPB 2025-2026 were reviewed and endorsed. Specifically, some of the key decisions of the 3<sup>rd</sup> PSC are as follows:

#### **1. Delayed Reallocation & Amendment**

The project's cost reallocation and financial agreement amendment were delayed due to an extended review process. Completion was anticipated by January 2025, after which the AWPB for 2024-2025 would be revised and submitted for No Objection to expedite fund disbursement. The PSC instructed the PMU to follow up with IFAD.

#### **2. Concerns Over MoF's Cost-Sharing Modality**

The PSC members raised concerns about the adverse impact of MoF's directive to enforce 40:60 cost-sharing mechanism for any kind of government support. In this regard, Dzongkhags were

directed to raise the issue formally to Ministry of Finance.

### **3. AWPB Scrutiny and Endorsement**

Given the growing concern of AWPB undergoing major changes even after the plan has been duly endorsed by the PSC, the committee deliberated extensively and directed the PMU and PPD to ensure that AWPB is thoroughly reviewed involving the TWG and only the final version is presented to PSC for endorsement.

### **4. Baseline Data Validation**

The importance of revalidating and authenticating baseline data was emphasized, as existing information was misaligned with project requirements. Hence, PSC directed the PMU to share the updated data with PSC members for review.

### **5. Expansion Proposal Deferred**

Given the limited funding and the need to revise project targets, the proposal to include three gewogs of Dagana which fall under GMC under the project support, the committee directed the project to defer the proposal until the Mid-Term Review.

### **6. Clarification of Hub Guidelines**

The meeting highlighted ambiguity around the definition of a hub, its support scope, cost-sharing, and operational modality. With WFP TA's support, the project was directed to revise guidelines and clarify infrastructure support, cost-sharing mechanisms, and operational procedures.

## **C. PROGRESS AND PERFORMANCE BY COMPONENTS**

### **C.1. COMPONENT 1: RESILIENT PRODUCTION SYSTEM**

In line with the project goal and objectives, the BRECSA project provided both technical and financial support through a series of coordinated efforts. These activities were planned and implemented by the respective implementing partners with guidance from the project team. The specific activities implemented under this component are presented in the subsequent sections below.

#### **OUTPUT 1.1. AVAILABLE DATA ON VULNERABILITY, AGRICULTURAL AND LIVESTOCK PRODUCTION ZONING, AGGREGATION, PROCESSING CENTRES AND SATELLITE MARKETS**

##### **1.1.1. Conduct CLEAR Analysis and Development of clear recommendations for ARP**

The Consolidated Livelihood Exercise for Analyzing Resilience (CLEAR) is a participatory tool developed by WFP to assess how climate risks impact food security and nutrition. In order to evaluate the resilience of communities in the BRECSA project areas, the CLEAR exercise was conducted from February to September 2024, examining climate sensitivity, livelihood diversity, access to wealth, land, food, and remoteness. The assessment involved a total of 534

participants with 447 male and 156 female from 37 Gewogs.

To support and validate the commercialization of agricultural activities under the BRECSA project, a value chain study was conducted as part of the CLEAR exercise across four target districts of Sarpang, Tsirang, Trongsa, and Zhemgang, involving 49 participants (47 male, 2 female). The study identified priority commodities in each district based on their market potential, contribution to livelihoods, and alignment with project objectives.

## **OUTPUT 1.2. DEVELOPED GENDER AND YOUTH INCLUSIVE AGRICULTURE RESILIENCE PLANS TO SUPPORT CLIMATE RESILIENT PRODUCTION**

### **1.2.1. Gewog and Dzongkhag Agriculture Resilience Plan (ARP)**

Based on the findings of the CLEAR analysis, the Agriculture Resilience Plans (ARPs) for the four target Dzongkhags were developed through participatory approach involving a total of 221 stakeholders with 182 male and 39 females which include sector heads, lead farmers, local leaders, extension officers, Project Management Unit (PMU) staff, and representatives from NGOs.

Through a participatory validation process, four ARPs were developed covering 37 Gewogs across four target districts. This process facilitated the identification of key commodities for commercialization, opportunities for value chain development, niche products, and potential locations for agri-food hubs, contributing to a well-structured and inclusive approach to promoting climate-resilient agriculture and sustainable livelihoods.

However, due to the inherent gaps and shortcomings of the ARP Version 1.0 developed in 2024-2025, the project during the stakeholder consultation held from 17<sup>th</sup> to 18<sup>th</sup> October 2024 in Thimphu, WFP has agreed to develop a robust ARP Version 2.0 as per the project requirement, addressing all the existing gaps.

## **OUTPUT 1.3. RURAL PRODUCERS ACCESSING PRODUCTION INPUTS AND/OR TECHNOLOGICAL PACKAGES (GAFSP TIER 2.3)**

To achieve the intended outputs/outcomes, the BRECSA project provided both technical and financial support through a series of facilitated activities. These activities were planned and implemented as nutrition-sensitive and livelihood interventions by the respective implementing agencies with guidance from the project team. The specific activities implemented under this output are as presented below.

### **1.3.1. Support to cattle-shed improvement**

The primary objective cattle-shed improvement is to promote hygienic dairy production, and ensure animal welfare, ultimately contributing to enhanced milk productivity and rural income generation.

Hence, as part of the cattle-shed improvement under the BRECSA funding, the project provided support to 107 dairy farmers (81 in Zhemgang and 26 in Tsirang) mainly for the construction of

improved and standard sheds to accommodate five dairy cows per unit through a cost-sharing arrangement with farmers as per the CSM Guidelines 2021. A one-time input support provided to each dairy farmer from the project includes 30 numbers of CGI sheets, 25 bags of cement, 25 Kgs of TMT rods, 10 Kgs of nails, 10 Kgs of roofing screws, 1 roll of HDPE pipes, and 50 metres of power cable.

Although the quantity of shed construction materials supported through the project was comparatively lesser than the input support provisions for dairy cow-shed improvement as per the cost-sharing guidelines, the beneficiaries' genuine interest to pursue dairy farming as a source of livelihood contributed the remaining materials and labour to construct the shed.

Out of 107 households supported, 45 beneficiaries were women-headed households and 14 were youth. The improved shed is expected to contribute 10% increase in milk production. The average milk production before shed improvement was 1800 Litres per cow annually. However, with the improved shed, the milk production from each cow is expected to increase to 1980 Litres annually resulting to an increase of milk production by 180 Litres enhancing a gross income of Nu. 8,100 per cow annually. Therefore, 107 numbers of improved dairy shed are expected to contribute to an increase in annual gross income of dairy farmers by Nu. 8,66,700 (Eight hundred sixty-six thousand and seven-hundred). A snapshot of improved cattle-shed promoted in Tsirang and Zhemgang are shown in Figure 1.



**Figure 1: Improved cattle shed promoted in Zhemgang and Tsirang Dzongkhags**

### **1.3.2. Supply of cross-bred cattle breeds**

Through a cost-sharing arrangement with beneficiaries, the project facilitated the procurement and distribution of 64 high-yielding Jersey cows, directly benefiting 46 households in Zhemgang. This strategic investment aims not only to upgrade the genetic stock of dairy cattle but also to stimulate the adoption of improved husbandry practices—ultimately paving the way for more sustainable and commercially viable dairy farming systems. The dairy sector serves as a cornerstone of rural livelihoods, contributing significantly to household income, nutritional security, and the resilience of the agricultural economy.

A total of 64 numbers of cross-bred cows provided to 46 households, annual milk production is expected to reach to a total of 115,200 Litres with an estimated annual income of Nu. 5,76,000 (Five hundred seventy-six thousand). A snapshot of the cross-bred cows supplied to the interested dairy farmers in Tsirang and Zhemgang Dzongkhags are as shown in Figure 2.



**Figure 2: Improved cow breed promoted in Zhemgang**

### **1.3.3. Cattle Breed Improvement through Artificial Insemination of Sex-Sorted Semen**

Trongsa and Tsirang Dzongkhags facilitate the provision of sexed semen as part of targeted genetic enhancement initiatives within the dairy sector. This intervention is strategically designed to increase the proportion of female calves born in cattle herds, which directly supports herd replacement and expansion. By improving the likelihood of female offspring—critical contributors to milk production—the activity aims to accelerate genetic progress, improve reproductive efficiency, and ultimately boost overall milk yield at the farm level.

This approach not only enhances long-term productivity and income potential for dairy farmers but also aligns with broader goals of achieving self-sufficiency in dairy production and promoting sustainable livestock development. Both the Dzongkhags purchased **1096** doses each of sexed cattle semen through NDDC.

Additionally, given the significance and crucial requirement of the Artificial Insemination (AI) equipment, Zhemgang Dzongkhag Livestock Sector procured the AI equipment to maintained and utilized by Gewog Livestock Extension Office through the engagement of Community AI Technicians (CAITs).

### **1.3.4. Support to feed improvement**

Fodder shortage continues to be a major constraint for livestock farmers across the country, particularly during the winter season, significantly affecting livestock productivity and sustainability. To address this recurring challenge, the Dzongkhag Livestock Sector, Trongsa and Zhemgang has undertaken proactive measures by procuring and distributing fodder seeds based on the demands received from the gewogs.

In order to address the fodder shortages faced by the dairy farmers, the Livestock Sector, Trongsa during the fiscal year 2024–2025, supplied a total of 9,883 Kgs of fodder grass seeds

with 7,918 Kgs of stamped oat seeds which were supplied to smallholder dairy farmers of all five Gewogs, while 1550 Kgs of grass mixture seeds was supplied to smallholder dairy farmers of Tangsibji and Nubi Gewogs and 415 Kgs of Ruzi grass was supplied to dairy farmers of Langthel Gewogs. This fodder improvement support provided through the project resulted in establishment of over 394.45 acres of pasture, which benefitted a total of 129 dairy farmers with 43 male and 86 female-headed households.

Similarly, the Livestock Sector of Zhemgang established a total of 100 acres of pasture through supply of stamped oat seeds, grass mixture and Ruzi grass seeds, benefitting a total of 136 smallholder dairy farmers with 50 male and 86 female-headed households in the Dzongkhag. In order to ensure proper protection of the pasture land from wild animals and scavenging domestic animals, the sector also supplied a total of 79,190 Kgs of barbed wire to fence 100 acres of newly developed pasture, benefitting a total of 121 dairy farmers with 33 male and 88 female-headed households. The input supports were provided as per the provisions of the Ministry’s Cost-Sharing Mechanism 2021.

**Table 1: Feed improvement support provided to dairy farmers of two Dzongkhags in 2024-2025**

Dzongkhag	Beneficiaries (Male)	Beneficiaries (Female)	Total Beneficiaries (Households)	Pasture developed (Acre)
Trongsa	43	86	129	394.45
Zhemgang	83	174	257	100.00
<b>Total</b>	<b>93</b>	<b>172</b>	<b>265</b>	<b>494.45</b>

**1.3.5. Training for the Community Artificial insemination, EHBS and Identification of good quality cows and heifers**

Through the project funding, 17 Livestock staff and CAITs attended the training on cattle breed identification. The participants comprised of 12 male and 5 female and among these, 4 were youth. Similarly, 9 Livestock staff (8 male, 1 female) attended the A.I and ear tagging training.

The Livestock Sector under Trongsa Dzongkhag initiated this specialized refresher training program targeting Community Artificial Insemination Technicians (CAITs) and livestock extension officials. This 14-day capacity-building initiative, conducted in Trongsa, encompassed a balanced blend of theoretical instruction and hands-on practical exercises. The training aimed to strengthen the technical competencies of participants in bovine artificial insemination (AI) techniques and comprehensive reproductive health management.

By enhancing frontline technical capacity in these areas, the intervention is expected to contribute to improved conception rates, better calf quality, and strengthened herd productivity across the Dzongkhag. These outcomes directly support the overarching objective of increasing milk production through sustained genetic improvement and reproductive efficiency. The training program was led by a subject-matter expert in animal reproduction from the National Dairy Development Centre (NDDC), Yusipang, ensuring technical rigor and alignment with national dairy development strategies.

### 1.3.6. Support construction of wooden bridges along the yak migratory route

Trongsa Livestock Sector successfully constructed 2 wooden bridges at Rabdona to facilitate the safe movement of yaks, yak herders, and highland communities. The bridges were built to improve seasonal mobility of yaks between grazing areas, which is crucial for enhancing yak milk production, a vital source of nutrition and income for highland households.

The infrastructure intervention support has benefitted a total of 66 highland households with direct benefit to the yak herders whose livelihood are dependent on yak farming. This initiative would contribute to sustaining highland livelihoods and strengthening the resilience of highland communities dependent on yak farming.

### 1.3.7. Poultry and Piggery shed improvement support

A total of 43 poultry and piggery shed were constructed in Tsirang through the project support on cost sharing basis. Out of 43 sheds supported, 11 were for piggery and 32 for poultry. Out of 43 beneficiary households, 3 were women-headed households and 12 were youths, as shown in Table 2. Of the 11 piggery farms supported, 3 were breeding and 8 were fattening farms. These fattening and breeding piggery farms, and broiler and layer farms were supported to ensure a stable supply of piglets, finished pigs, table eggs and chicken for uninterrupted market supply as part of import substitution.

**Table 2: Summary of Number of commercial piggery and poultry farms supported**

Farm Category	Farm Capacity	No. of farms constructed/renovated
Pig breeding farm	20 Pigs	3
Pig fattening farm	30-40 Pigs	8
Poultry Layer farm/Native poultry farm	1000 Birds/500 Birds	23
Poultry Broiler farm	1000 Birds	9
<b>Total</b>		<b>43</b>

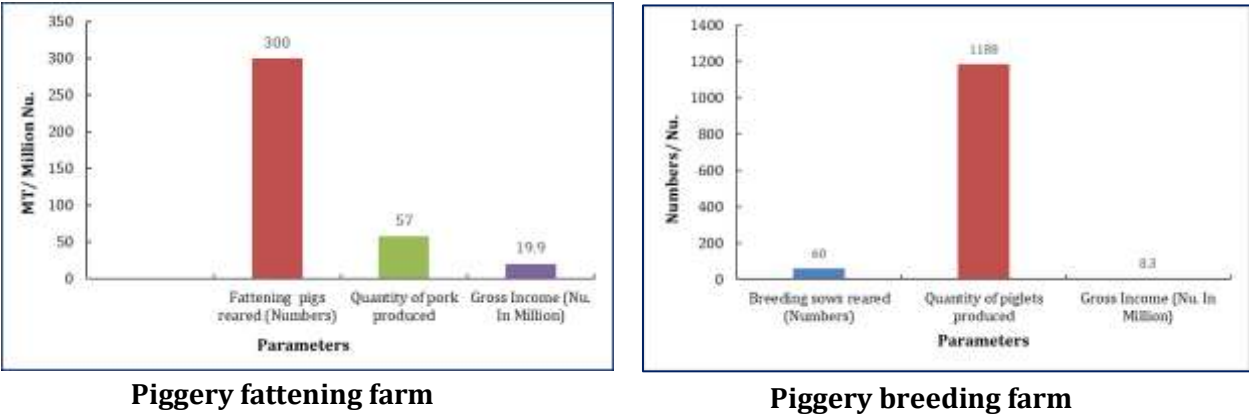
A one-time input support was provided in line with the provisions of the Ministry's Cost-Sharing Mechanism 2021, which are presented in the subsequent sections below:

#### **Piggery shed construction support**

Out of 11 piggery farms constructed in Tsirang Dzongkhag through the project support, 8 were fattening farms and 3 are breeding farms benefiting a total of 11 households. Each fattening farms have the capacity to accommodate 30-40 pigs and 20 sows can be reared in each breeding farms. For the breeding farms, a one-time input support provided by the project includes 150 bags of cement, 50 Kgs of TMT rods, 70 metres of power cable, 20 Kgs of iron nails, 90 numbers of CGI sheets, 10 Kgs of roofing screws and 100 metres of HDPE pipes, while for fattening farms, a one-time production input support provided by the project includes 100 bags

of cement, 25 Kgs of TMT rods, 50 metres of power cable, 20 Kgs of iron nails, 70 numbers of CGI sheets, 10 Kgs of roofing screws and 100 metres of HDPE pipes. The pig breeding farm received a larger share of input support as it involves more intensive housing and biosecurity requirements.

These strategic investments are expected to significantly improve production capacity, contribute to nutritional security, and create livelihood opportunities for rural farmers in the Dzongkhag.



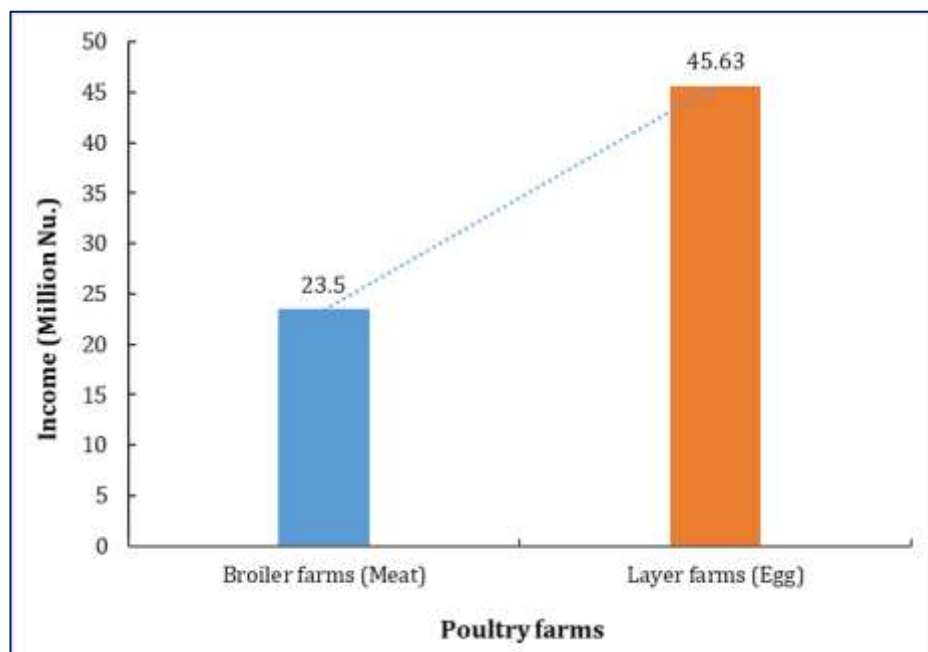
**Figure 3: Estimated annual production and income from piggery fattening and breeding farms**  
 From 300 numbers of pigs reared per cycle, the pork production is estimated at 57 MT with a gross income of Nu. 19.9 million, while 60 numbers of breeding sows are expected to produce 1,188 piglets annually which will generate a gross income of Nu.8.3 million, as shown in Figure 3 above.

**Poultry Shed construction support**

Out of 32 poultry farms constructed in Tsirang Dzongkhag through the project support, 19 are 1000 bird level Layer farms; 2 are 500 birds level layer farms and 2 are native poultry farms with 500 birds’ capacity and 9 are broiler farms. Each broiler farms have the capacity to accommodate 1000 birds in 19 sheds and 500 birds in 4 (2 layer and 2 native poultry) sheds. A total of 32 households is benefiting from the support.

Each beneficiary was provided with construction and installation materials sufficient to establish a functional broiler and Layer shed. Both Broiler and Layer farms, a one-time input support provided by the project includes 100 bags of cement, 50 Kgs of TMT rods, 70 metres of power cable, 20 Kgs of iron nails, 110 numbers of CGI sheets, 10 Kgs of roofing screws and 100 metres of HDPE pipes, 4 rolls of wire mesh and 5 Kgs of binding wire.

All farms also received technical support on poultry shed layout, layer management, vaccination, feeding, and record-keeping practices.



**Figure 4: Estimated Gross Annual Income from Broiler and Layer Farms**

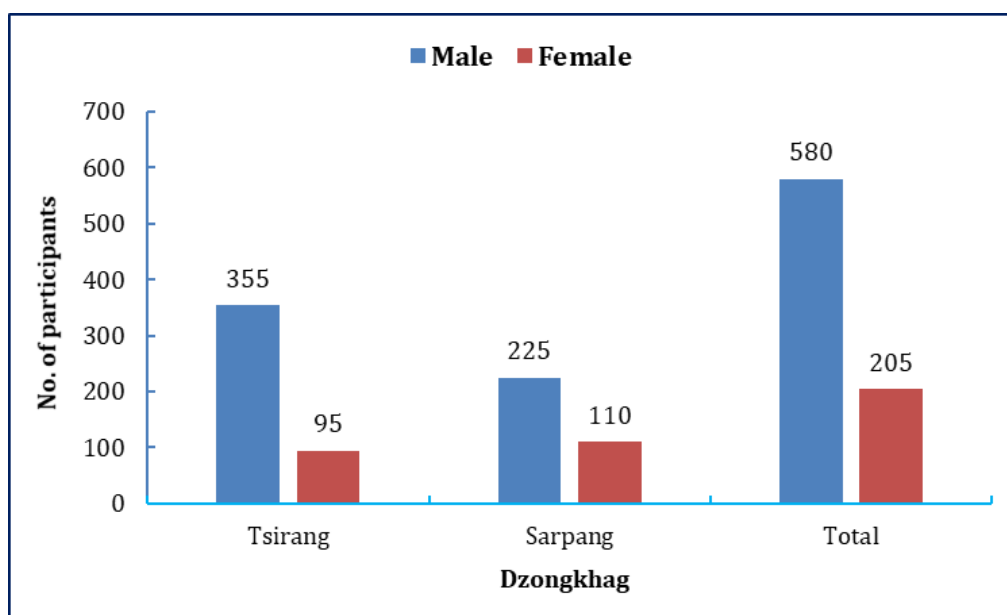
Considering 5% rearing mortality, a total of 950 will be harvested per cycle where a total of 94 MT of broiler meat is expected to be produced from 9 supported farms, generating a gross annual income of Nu. 23.5 million, as shown in Figure 4.

Similarly, with the layering projected at 70%, 21 supported layer farms are expected to produce 5,110,000 numbers of eggs and at the laying rate of 50%, 2 native poultry farms of 500 birds' capacity are expected to produce 182,500 numbers of eggs resulting in a total annual egg production of 5,292,500 numbers of eggs, generating a estimated gross annual income of Nu. 47.63 million as shown in Figure 4.

### 1.3.8. Farmers training on Good Poultry Management Practices

Recognizing the dynamic nature of poultry farming and the need to adapt to evolving challenges, poultry farmers from the Dzongkhags of Tsirang and Sarpang collectively expressed the need for refresher training in poultry management. They emphasized the importance of staying up to date with best practices to effectively respond to emerging disease threats, market fluctuations, and management innovations.

In response to this request, and with the objective of enhancing the technical capacity of farmers to improve productivity and flock health, targeted training programs on Good Poultry Management Practices were organized during the fiscal year 2024–25. These capacity-building initiatives were financially supported by the project and aimed to equip farmers with updated knowledge on nutrition, housing, biosecurity, and overall flock management.



**Figure 5: Participants who attended poultry management training**

A total of 785 households participated in the training provided by Tsirang and Sarpang Dzongkhags, as shown in Figure 5. Out of 785 participants with 470 male and 205 female and 40 youths. Of the 205 female participants, 50 were women-headed households.

### **1.3.9. Strengthening and Improvement of Mushroom Production**

Considering the high production potential and high market demand for mushroom in the domestic market, the project supported a total of 9 mushroom sheds during the reporting period, with 7 in Sarpang, and 2 sheds in Zhemgang to promote shiitake and oyster mushroom production. Out of the 9 households supported, 2 beneficiaries were women-headed households and 2 were youths.

These sheds are designed to provide a controlled and hygienic environment for mushroom production, enabling farmers to increase yield, improve quality, and sustain year-round production. This intervention contributes to the broader objectives of income diversification, employment generation, and the promotion of climate-smart farming practices in the project areas.

A snapshot of the shed construction picture taken during the construction stage in May-June 2025 are shown in Figure 6.



**Figure 6: Snapshot of mushroom shed picture taken during the construction stage in May-June 2025**

The shed construction support was provided in line with Ministry's Cost-Sharing Mechanism 2021.

### **1.3.10. Training on Oyster mushroom cultivation**

The training benefited a total of 20 participants, including 9 Persons with Disabilities (PWDs) and 11 caregivers, equipping them with practical knowledge in mushroom cultivation. Out of 9 PWDs supported, 1 was a youth and 1 was a women-headed household, heading the family.

The Tsirang Agriculture Sector with technical support from the Ability Bhutan Society (ABS) conducted the training program specifically designed for Persons with Disabilities (PWDs). The objective was to build inclusive livelihood skills and promote the participation of marginalized groups in agriculture-based activities. This initiative reflects the project's continued commitment to inclusive development, social empowerment, and the creation of sustainable livelihood opportunities for vulnerable groups.



**Figure 7 Oyster mushroom promotion in Tsirang**

### **1.3.11. Promote intercropping of black pepper and arecanut through focused village approach**

Sarpang Dzongkhag initiated the inter-cropping of black pepper with Arecanut and supported 15 households including 2 PWDs and 1 youth leading to development of 36 acres of an integrated black pepper and an arecanut farm in the Dzongkhag. This initiative was implemented with a primary objective to promote intercropping of black pepper with existing arecanut plantations, thereby encouraging more efficient and productive use of available land resources.

By introducing black pepper, a high-value spice crop, into the farming system, the initiative aims to enhance household income and support rural economic development. This approach seeks to optimize land use through vertical cropping techniques, utilizing the natural structure of arecanut palms to support black pepper vines. Furthermore, by diversifying crop types within the same plot of land, the intervention contributes to the establishment of climate-resilient farming systems, offering farmers greater protection against market and climate-related risks.

### **1.3.12. Promote domestication of orchids and vegetables to diversify source of income**

As part of strengthening 119 orchid-growing households across all chiwogs of Nubi Gewog under Trongsa Dzongkhag. The primary objective was to promote the cultivation of edible orchids (*Cymbidium erythraeum*) by providing suitable growing conditions that mimic their natural habitat.

This intervention aligns with the gewog's focus on enhancing income through high-value crops such as orchids, chilies, zanthoxylum, and vegetables. While the distribution covered all chiwogs, areas with concentrated orchid farming, such as Bagochen-Bulingpang and Sinphu Olatsi Deytshen (Sinphu Orchid Producer Group), received particular attention due to their active involvement in orchid cultivation form recent years.

Of the total of 119 households supported, 109 households were women-headed households and 27 were youths. Orchid farming is the main source of income for these households. Recognizing that these farmers currently lack access to green nets, which is crucial for orchid cultivation, the Dzongkhag with fund support of Nu. 0.80 million from the project, Dzongkhag Agriculture Sector, Trongsa provided a total of 21,900 square metres of green net to 119 orchid-growing households in Nubi Gewogs.

A snapshot of Dzongkhag and Gewog Agriculture Sector Officials distributing green net to the orchid growers and a net house constructed for orchid cultivation is shown in Figure 8.



**Figure 8: Snapshot of green net distribution and net house constructed for orchid cultivation**

### **1.3.13. Promote cardamom cultivation to diversify source of income for subsistent farmers**

Historically, the community has faced economic challenges, but recent assessments have revealed significant potential for cardamom cultivation in the area. With favorable climatic and soil conditions, promoting cardamom farming can provide sustainable income and boost local development.

This initiative aims to empower the community through agricultural diversification, create employment opportunities, and foster economic resilience. By supporting smallholder farmers in adopting cardamom cultivation, we strive to uplift the community's socio-economic status and ensure long-term livelihood improvement.

Through the project support, Dzongkhag Agriculture Sector, Trongsa supplied 94,000 cardamom saplings to Jangbi Chewog of Langthel Gewog in 2024-25 with a budget of Nu. 1.0 million to improve their economy and raise the livelihood standards of 68 households. Of the total households supported; 46 were women-headed, 11 were youths and 22 were PWDs. This indicates that implementing sector has mindfully targeted the project support ensuring inclusivity.

A snapshot of the Dzongkhag and Gewog Agriculture Sector Officials distributing cardamom seedlings to the selected beneficiaries of Jangbi chiwog of Langthel Gewog under Trongsa Dzongkhag is shown in Figure 9.



**Figure 9: Snapshot of cardamom seedling distribution to beneficiaries in Jangbi Chiwog**  
**1.3.14. Promotion of Green tea cultivation**

Green tea cultivation is one of the main sources of income for the green tea producers of Samcholing village of Drakteng Gewog under Trongsa Dzongkhag. This initiative aims to enhance overall yield and productivity green thereby increasing overall tea production within the group.

The provision of these saplings is part of a strategic effort to promote sustainable agricultural practices, ensuring the long-term viability and environmental health of the green tea cultivation. By supporting the group with quality planting materials, the program seeks to empower local farmers, boost the local economy, and foster continued sustainability of green tea farming in the region.

A total of 20,000 green tea seedlings were supplied to 81 beneficiaries who are mostly members of the Samcholing Green Tea Group under Drakteng Gewog. Of the total beneficiaries supported, 61 were women-headed households and 20 were youths. The green tea group sells their product mostly to markets in Thimphu through both formal and informal linkages.

A snapshot of the green tea seedling being distributed to beneficiaries is shown in Figure 10.



**Figure 10: Snapshot of green tea seedling distribution and planting in Samcholing**

### **1.3.15. Upscale asparagus cultivation in potential areas**

Asparagus is categorized as one of the high value vegetables having export potential. Hence, as a part of building the foundation to enable our smallholder farmers transition toward commercial farming, the project supported promotion of asparagus cultivation in Trongsa and Tsirang in 2024-2025.

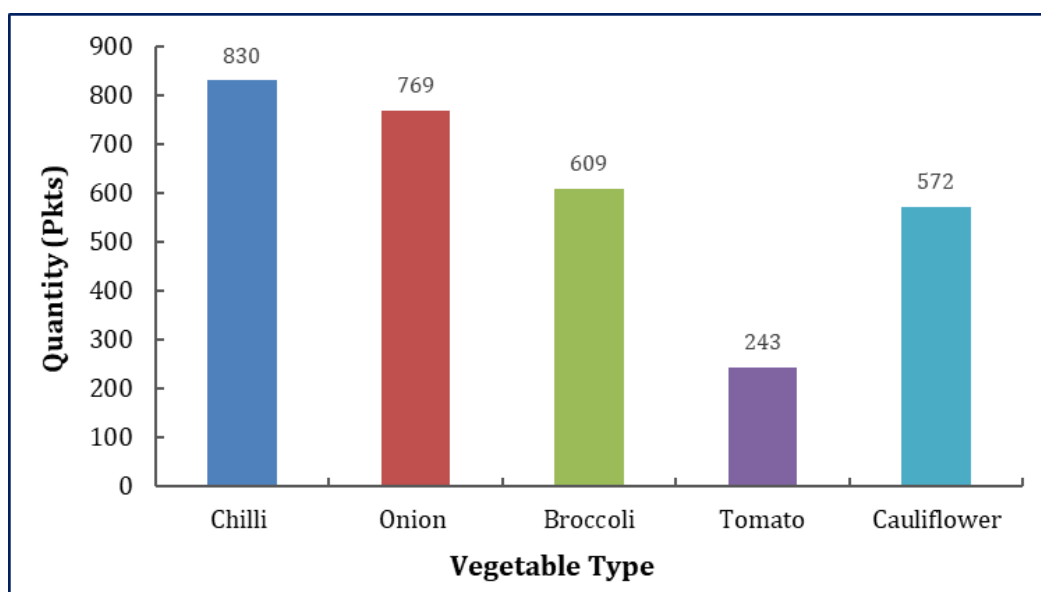
This initiative is aimed at diversifying agricultural production, increase household income, and enhance food security within the community in line with the national vision of achieving 10-fold increase in national economy by 2034. In view of this, the selected households were trained on proper planting techniques, crop management, and post-harvest handling to ensure successful cultivation and optimal yield. By encouraging asparagus farming, which is well-suited to the local climate and soil conditions. It is expected to create new income-generating opportunities, empower local farmers, and contribute to the overall economic development of areas.

Through the project support, Trongsa Agriculture Sector supplied 30,000 asparagus saplings to 9 households in Langthel Gewog. Of these, 9 households were women-headed households, 2 were PWDs and 2 were youths. Similarly, Tsirang Agriculture Sector promoted 12.5 acres of asparagus cultivation benefitting a total of 83 households. Of the total households supported, 7 were women-headed households. In both the Dzongkhags, required advisories and supports were provided along with the input support to ensure sustainability of the project intervention.

### **1.3.16. Promotion of improved (assorted) vegetable varieties**

The selected vegetables chilli (830 packets, onion (769 packets), broccoli (609 packets), tomato (243 packets), and cauliflower (572 packets) were supplied to 255 households in Sarpang Dzongkhag to enhance household nutrition, promote year-round vegetable production, and strengthen rural livelihood, as shown in Figure 6. Among these supported households, 70 are WHH. These vegetables are both nutritionally valuable and economically viable, with strong market demand at the local and regional levels. The main objective of this intervention is to promote the cultivation of a diverse range of vegetable crops among rural farming communities to improve food security and income generation.

Additionally, the program seeks to build farmers' capacity in commercial and off-season vegetable cultivation, encouraging them to adopt improved farming practices that can lead to increased yields and better market opportunities. Ultimately, the intervention supports the development of resilient and sustainable farming systems through crop diversification and year-round production.



**Figure 11: Type and diversity of vegetables promoted in Sarpang**

### **1.3.17. Support strawberry cultivation**

As part of promoting high-value horticultural crops and enhance rural livelihoods, 3,000 numbers of quality strawberry runners were supplied to 2 selected farmers of Jigmecholing and Chudzom Gewogs. Alongside the supply, technical guidance on planting, spacing, and basic crop management was provided by the agriculture extension officials. The activity has led to the establishment of new strawberry plots, marking the introduction of a high-value fruit crop to the area.

The introduction of strawberry cultivation is expected to create a new source of income for the participating farmers, while also encouraging crop diversification in the gewogs. With proper management, farmers can expect harvests within a few months, offering them quicker returns compared to many traditional crops. The initiative has also contributed to enhancing the capacity of farmers in managing fruit crops and adopting improved agricultural practices. In the long term, this activity is anticipated to stimulate local interest in commercial horticulture and potentially pave the way for stronger market linkages and increased rural economic activity.

### **1.3.18. Support seedlings of high value fruit crops for nutrition security and enhance rural income**

Through the BRECSA project support, a total of 5,500 seedless lime seedlings and 3,008 dragon fruit seedlings were successfully distributed to 436 selected households which includes 127 youths across the target areas to promote nutrition security and enhance rural income through the cultivation of high-value fruit crops. The seedlings were distributed to interested and eligible farmers, Dragon fruit seedlings were distributed in the gewogs of Dekiling, Gakidling, Senggye, Umling, and Samtenling, while seedless lime seedlings were supplied to farmers in Jigmecholing, Gakidling, Chhudzom, Senggye, Taraythang, Umling, and Dekiling. Beneficiaries have also been oriented on planting techniques, spacing, and orchard care to increase survival rates and maximize long-term productivity.

The activity aims to diversify farming systems, promote the cultivation of commercially viable fruit crops, and improve the livelihoods of rural households. Dragon fruit and seedless lime were selected for their high market demand, nutritional value, and adaptability to local agro-climatic conditions.

### **1.3.19. Promotion of integrated nutrient management for revival of declining citrus orchards**

A total of 578 households of Trongsa and Tsirang benefited from this targeted intervention, which aims to improve citrus yield, strengthen soil health, and promote climate-resilient orchard farming. Of these, 211 were women-headed households and 6 were PWDs in Trongsa.

In order to address soil acidity and enhance nutrient availability in citrus orchards, fertilizer was distributed to fruit growers in Trongsa and Tsirang Dzongkhags. This intervention was informed by soil analysis results (18 soil samples were tested in Trongsa), which identified low soil pH as a key constraint limiting orchard productivity in both areas.

The primary objective of this intervention was to improve soil fertility and fruit yield in citrus orchards by addressing critical nutrient deficiencies through scientifically recommended fertilizer application. Recognizing the need for collaboration and ownership, the fertilizers were provided under on cost-sharing.

In addition to the distribution of fertilizer, awareness and sensitization programs were conducted to educate farmers on the importance of soil testing and pH correction as part of sustainable orchard management practices.

### **1.3.20. Promote improved fruit orchard management techniques under MFTP through supply of production inputs on cost-sharing basis**

The distribution of iron T-posts and GI wires under this project played a crucial role in strengthening kiwi vine support systems, which are essential for healthy plant growth, improved yields, and long-term orchard sustainability. The project is expected to improve orchard management practices and contribute to enhanced farm income and resilience for the participating households and groups.

The installation of kiwi T-post support systems through BRECSA Project directly benefited a total of 436 farmers across three gewogs Jigmecholing, Gakidling, and Chudzom in Sarpang and 1 farmers group comprising of 17 members in Doonglagang under Tsirang where 127 acres were brought under improved orchard management techniques. Of the total households supported, 127 of them were youths.

### **1.3.21. Train farmers on coffee cultivation**

Zhemgang Dzongkhag trained members of 93 households (58 male and 35 female) on coffee plants management and cultivation techniques during the year 2024-25 through BRECSA funding. Out of 35 female participants, all 35 were women-headed households (WHH). This training is expected to develop the skills of coffee farmers who are new to the trade. Coffee is planned as a commercial crop for Zhemgang as per the ARP and MSP is conducted which forecasted promising success.

**1.3.22. Train Dairy farmers on Clean Milk Production**

Zhemgang Dzongkhag trained members of 131 households (30 male and 101 females out of which 18 were youths) on “Clean Milk Production” during the year 2024-25 through BRECSA funding. This training is expected to develop the skills on clean milk production to enhance the shelf life of milk. Dairy is planned as a commercial commodity for Zhemgang as per the ARP and MSP is conducted which forecasted promising success.

**1.3.23. Land development and reclamation for commercial vegetable farming**

With targeted support from the project, a total of 83 households in Zhemgang District were supported with essential agricultural machinery to facilitate land reclamation and development for commercial vegetable production. This intervention enabled farmers to convert previously underutilized or fallow land into productive plots, enhancing local food security and generating income opportunities. As a result, beneficiary households are expected to be better positioned to engage in year-round vegetable cultivation, contributing to both household livelihoods and regional agricultural growth.

**1.3.24. Promote organic vegetable production techniques**

A total of 22 biodigesters were successfully constructed across three gewogs with funding support from the BRECSA Project. The construction was in three gewogs (Gakidling Gewog: 5 units, Gelephu Gewog: 2 units, Dekiling Gewog: 15 units). The biodigesters construction covers 22 households out of which 2 youths are included.

Also, through the BRECSA Project fund 3 vermicompost sheds were constructed in Chudzom Gewog and Dekiling Gewog to support organic vegetable farming in the region. Among these 3 households who have constructed vermicompost sheds, 2 are youths. This activity aims to promote sustainable agriculture by providing farmers with the infrastructure to produce high-quality organic fertilizer, thereby improving soil fertility and crop productivity. These sheds serve as dedicated facilities for producing vermicompost through earthworm-based decomposition of organic waste. Along with the construction, beneficiaries were provided with technical training on vermicompost production, management, and application.

The activity is expected to increase the adoption of organic vegetable production techniques among farmers, reduce reliance on chemical fertilizers, and enhance soil health. This will lead to improved crop yields and better-quality produce, contributing to higher household income and food security. Additionally, promoting organic farming supports environmental sustainability

and healthier ecosystems.

### **1.3.25. Promotion of EM technology in poultry farms**

Livestock sector, Trongsa Dzongkhag, with support from BRECSA, organized a comprehensive one-day training for all 10 livestock officials in the district. Among the participants, 2 were female participants. The training encompassed both theoretical instruction and practical demonstrations, ensuring that participants gained a holistic understanding of EM application methods and its role in improving environmental hygiene in livestock farming operations.

One of the key challenges hindering the establishment of livestock farms is the pervasive foul odor generated by animal waste. This unpleasant smell often becomes a source of discomfort for nearby residents, leading to reluctance or refusal in granting the necessary social clearances for farm development. Recognizing this constraint, Trongsa Dzongkhag proactively explored the use of Effective Microorganism (EM) solutions—a well-established technology known for its ability to neutralize and suppress odor emissions from livestock facilities.

Despite the proven efficacy of EM technology, its application was not readily accessible within the sector at the time.

### **1.3.26. Promotion of efficient irrigation to improve green tea productivity**

Essential materials such as pipes and cement were supplied through Project support, while the actual implementation and construction work was carried out by the beneficiaries themselves. This activity aims to alleviate water scarcity issues faced by 21 WHH in the Nubi and Korphu Gewogs. This approach not only addresses the pressing need for water but also promotes community involvement and ownership.

### **1.3.27. Promotion of water harvesting through construction of pond for enhanced vegetable production**

A total of 39 water harvesting ponds are constructed (one each per household). 39 households in Sarpang Dzongkhag benefited from this intervention across the targeted areas, out of which 2 are WHH. Out of 39 ponds constructed, 15 ponds construction have been led by youths. Beneficiaries were selected based on criteria such as the severity of water scarcity, farmer interest and willingness to maintain the ponds, and the suitability of land for pond construction.

As part of the initiative to improve water accessibility and promote climate-resilient farming practices, household-level water harvesting ponds were constructed. This intervention aimed to support smallholder farmers in addressing seasonal water shortages for agriculture livestock, and domestic use. It aligns with the broader goals of climate change adaptation, efficient water resource management, and the promotion of sustainable rural livelihoods. The construction of these ponds enables beneficiary households to capture and store rainwater during the monsoon season for use during dry periods, particularly for irrigation and livestock care. This approach not only reduces reliance on unpredictable rainfall but also enhances

water-use efficiency and improves agricultural productivity.

### **1.3.28. Upscale solar or electric fencing to address human wildlife conflict**

Essential materials sufficient to construct an electric fence spanning 5 kms was supplied to 38 beneficiaries under Gakidling gewog, Sarpang. Beneficiaries received technical guidance on the operation and maintenance of the fencing system to ensure its effective functioning. The installation of electric fencing is expected to safeguard farmers' investments, reduce human-wildlife conflicts, and enhance the overall security of farmlands. The fencing system, powered by solar energy, provides a reliable and eco-friendly method of deterring wild animals such as deer, wild boars, and monkeys, which often cause significant crop losses.

The expected outcome of this activity is a significant reduction in crop damage caused by wildlife, leading to improved crop yield and enhanced farm productivity. By protecting farmlands, the electric fencing will contribute to increased household income and food security. Additionally, the intervention supports human-wildlife coexistence by minimizing conflict and promoting sustainable agricultural practices. Over time, this activity is anticipated to build resilience among farming communities and encourage wider adoption of modern, sustainable protection methods.

### **1.3.29. Training of youths on product processing, packaging, labeling and marketing**

Livestock sector, Zhemgang Dzongkhag trained 30 youths (5 female and 25 male) on livestock product processing, packaging, leveling and marketing through the project funding support. Considering the short shelf life of all livestock products, this training was essential and timely. This training has equipped the participants on processing and packaging which will ultimately support enhancing the shelf life and marketing of the products.

## **C.2. COMPONENT II: STRENGTHENED VALUE CHAIN COORDINATION AND MARKET LINKAGES**

### **OUTPUT 2.1. COMPLETED VALUE CHAIN SPECIFIC INTERVENTION STRATEGIES AND PLANS TO GUIDE INVESTMENT PLANNING**

#### **2.1.1. Study on Marketing Strategy for the Spice Sector**

To explore market opportunities in the spice sector, a study was conducted across BRECSA project districts, including Thimphu, Phuntsholing, Punakha, Bumthang, Trongsa, and Paro. The study aimed to identify existing marketing channels, supply chains, infrastructure, gaps, and opportunities for spice producers in BRECSA project areas, and to recommend strategies for developing the spice value chain. This study was conducted in partnership with the Regional Agricultural Marketing and Cooperative Office (RAMCO).

### **OUTPUT 2.2. ESTABLISHED GENDER AND YOUTH INCLUSIVE HUBS TO SUPPORT A ROBUST AGRI-BUSINESS SECTOR**

### **2.2.1. Guideline for gender and youth inclusive agri-food hub development Capitalizing on hubs to support commercialization**

The Guideline for the Establishment of Gender and Youth Inclusive Agri-Food Hubs has been finalized. The guideline developed is jointly by the WFP Technical Assistance (TA) team and the Project Management Unit (PMU). Developed through a participatory process, the guideline provides a comprehensive framework for establishing inclusive, climate-resilient Hubs that integrate permaculture principles and promote commercial farming. It aims to strengthen forward and backward linkages among agri-food value chain actors, while creating accessible platforms for smallholder farmers to market their produce, access farm inputs, and utilize processing, grading, and packaging facilities.

### **OUTPUT 2.3. SUPPORTED INVESTMENTS IN EFFECTIVE AND INCLUSIVE CLIMATE RESILIENT INFRASTRUCTURE TO SUPPORT COMMERCIALIZATION**

#### **2.3.1. Upgradation of existing vegetable market facility in Trongsa**

The construction of the market facility in Trongsa Dzongkhag was successfully completed during the reporting period, with a total investment of BTN7.4 million from the project and co-investment of BTN 28.27 million from Government. The facility was upgraded as a multi-purpose commercial complex to facilitate sale of diverse local products to promote local economic development and enhance rural entrepreneurship. The facility has distinct area for the permanent vegetable vendors and local vegetable sellers from five Gewogs in the Dzongkhag to sell their local produce, while two rooms have been allocated as office for the management of the facility. The facility also has a cold-store for storing the local produce, especially the livestock products and a coffee shop which is operated by De-suups (youth entrepreneurs).

A total of 16 permanent vendors operates in the market facility full-time, while local vegetable vendors from five gewogs within the Dzongkhag operate on a part-time basis during the weekends.



**Figure 12: Snapshot of upgraded market facility at Trongsa**

### **OUTPUT 2.4. ESTABLISHED INCLUSIVE MULTI-STAKEHOLDER PLATFORMS AND BUSINESS LINKAGES**

#### **2.4.1. Multi-Stakeholder Platform (MSP) for Dairy Value Chain in Trongsa**

With support from WFP TA, the PMU conducted the dairy MSP in Trongsa. The workshop brought together stakeholders involved in the dairy value chain, including farmers, traders, aggregators, and government support agencies, and aimed to foster understanding and collaboration among them (farmers, buyers/traders, aggregators, and government organizations). It focused on developing cost-effective and scalable approaches for establishing dairy value chain innovation platforms that enhance smallholder participation in sustainable markets, thereby improving food security.

#### **2.4.2. Multi-stakeholder Platform (MSP) for Coffee Value Chain in Zhemgang**

With support from WFP TA, the PMU organized a two-day multi-stakeholder workshop on the coffee value chain in Zhemgang. The workshop brought together farmers, traders, buyers, aggregators, and government agencies to strengthen collaboration and support the district's Agriculture Resilience Plan. Coffee cultivation in Zhemgang spans seven gewogs, covering 228.05 acres and involving 563 households. Coffee was identified as a high-potential value chain based on community consultations and market assessments. Using a market-driven approach, the workshop facilitated direct dialogue between producers and buyers—such as Bhutan Mountain Coffee and Ambient Cafe—to explore business models that benefit all stakeholders. The workshop aimed to create scalable, cost-effective value chain platforms that increase smallholder participation in sustainable markets and enhance food security and household income.

#### **2.4.3. Multi-Stakeholder Platform (MSP) for Vegetable Value Chain in Tsirang**

PMU, with support from WFP TA, organized a MSP for vegetable in Tsirang, bringing together farmers, traders, processors, and government agencies to promote collaboration and develop shared solutions for the sector's sustainable growth.

Tsirang is one of Bhutan's leading vegetable-producing districts, relies heavily on the sector for food security, income, and rural livelihoods. Despite its importance, the vegetable value chain faces challenges such as fragmented production, poor market access, post-harvest losses, and weak infrastructure.

#### **2.4.4. Training of farmer groups on post-harvest processing, equipment handling, value addition and packaging**

A total of 60 (37 female, 23 male) members of POs, FGs, Coops and Agri-food enterprises were trained across the four project Dzongkhags. The capacity building basically includes minor repairs, proper handling of dryers, blast freezer, cold storage and other processing machines.

RAMCO, as a nodal agency for value addition and marketing in the project region conducted series of capacity building of Producer Organizations (Pos), farmer groups (FGs) and Cooperatives (Coops) on equipment handling and machine operation. The training was technically supported by the National Post Harvest Center (NPHC) under the Department of Agricultural Marketing and Cooperatives (DAMC). The training was aimed at improving the

efficient handling of existing post-harvest equipment and enhance productivity in agri-food processing.

#### **2.4.5. Establish new linkage and strengthen existing linkage between Pork, Chicken, Egg and dairy and vegetable farmers with other Dzongkhags**



**Figure 13: Strengthening of new market linkage**

In an effort to improve market accessibility, Central Regional Referral Hospital (CRRH) was linked with famers groups and cooperatives of Sarpang Dzongkhag. RAMCO, Gelephu coordinated Buyer-Seller Meet (BSM) where contractual agreement was signed between CRRH management and representative of FGs and Coops. The BRECSA project financially supported the program and WFP TA rendered the technical supports. CRRH can be a reliable market for small producer group. Through the supply of locally produced agri-food items to CRRH, the producer groups are expected earn a gross weekly income of Nu. 35,645. A total of 26 households having population of 104 people (50 female, 54 male) is expected to benefit from this linking program.

#### **2.4.6. Demand Assessment on Dairy Products by High-end Hotels**

A demand assessment of dairy products was conducted for high-end hotels in Bumthang, Trongsa, Punakha, Thimphu, and Paro Dzongkhags RAMCO, Gelephu.

The Dzongkhag-wise weekly demand for dairy products reveals diverse consumption patterns among hoteliers. Thimphu is the highest consumer of dairy products. Bumthang shows a notable demand followed by Paro and Punakha.

#### **2.4.7. Innovative Dairy Product Processing Training to MPU Technicians, Sarpang and Trongsa**

A total of 30 (8 female, 22 male) farmers and members of POs, FGs and Coops were trained on

innovative dairy product processing in Sarpang and Trongsa by RAMCO, Gelephu with fund support from BRECSA. The training is to enhance the skills and knowledge of dairy farmers and technicians on value-added dairy products such as Tomme cheese, Gouda cheese, and flavored yogurt, ensuring better market opportunities and income generation.

This training is also expected to explore new market opportunities for dairy products by aligning production with the demand from high-end hotels and foreign workers in Gelephu Mindfulness City (GMC).

#### **2.4.8. Exhibition Counter for Premium Agri-Horti Products of Bhutan at NEDFi Haat, Rupnagar, Guwahati**

In a significant move toward enhancing Bhutan's agri-food export footprint in regional markets, the Royal Bhutanese Consulate General in Guwahati, in collaboration with the Department of Agricultural Marketing and Cooperatives (DAMC) under the Ministry of Agriculture and Livestock (MoAL), officially inaugurated a dedicated Bhutan exhibition counter at NEDFi Haat, Rupnagar, Guwahati.

With this initiative, RAMCO Bhutan begun exhibiting a curated range of agri-horticultural products at the outlet, marking a major step forward in promoting Bhutanese produce to Indian consumers.

The key objectives of opening the Bhutan Outlet in Guwahati are:

- 1. Expand market access for Bhutanese Agri-Horti products, handicrafts, and textiles in India.**
- 2. Promote Bhutanese Organic Products to high-end consumers in Guwahati and tourist from outside of the region.**
- 3. Strengthen bilateral trade ties and institutional partnerships between Bhutan and India.**

The Bhutan display counters is officially inaugurated on 23rd June 2025 by H.E. Mr. Jigme Thinley Namgyal, the Consul General of the Royal Bhutanese Consulate General, Guwahati, alongside Mr. Ramheu Zeliang, General Manager of NEDFi. The occasion was also graced by Mr. Tashi Dorji, Director of DAMC, MoAL, Thimphu, and senior officials from RAMCO. The display will be operated by NE-SHILP and supported by NEDFi, while the B-COOPs Shop in Gelephu has been designated as the Bhutanese counterpart agency responsible for the collection and supply of products. The establishment of the Bhutanese counter was funded by BRECSA project being implemented MoAL in four Dzongkhags.

#### **2.4.9. Market Exploration Visit to Dhaka, Bangladesh**

The domestic market is very small due to small consumption base. The export market is only option if we have to upscale the production. So, rigorous and relentless export market

exploration has become imperative. Therefore, team consisting to nine people (3 female, 6 male) visited the Dhaka, Bangladesh to explore markets for ginger, turmeric, honey, potato, cardamom and black pepper. The visit is also to assess market entry requirements, including trade regulations, tariffs, standards and certifications. The team consists of exporters, commercial farmers and processor from four project Dzongkhags. The market is explored for products like: Fresh Ginger, Dried Turmeric, Turmeric powder, Black pepper, Arecanut, Mandarin, Shilajit and Honey (*Apis cerena*).

#### **2.4.10. Development of Strategic Investment Plan (SIP) for the project prioritized value chain commodities**

A Strategic Investment Plan (SIP) is a comprehensive, forward-looking document that outlines priority investment areas, funding needs, and implementation strategies to achieve long-term impact of the project. It serves as both a policy guide and a resource mobilization tool. It is in pursuit of BRECSA's goal to catalyze a 30% increase in resilient commercial agricultural production and improve food and nutrition security in the four target districts by 2030, which aligns well with Ministry's 13<sup>th</sup> FYP objective of achieving Nu. 50 billion agriculture contribution to GDP.

Accordingly, the following Strategic Investment Plan (SIP) for the prioritized commodities were developed by PMU with technical support from WFP TA which are presented as below:

##### **Coffee SIP development workshop, Jungle Lodge, Zhemgang**

A three-day workshop was convened Panbang, Zhemgang to brainstorm and conceive SIP for coffee industry. Twenty-five people (7 female, 18 male) participated in the workshop including agriculture officials, Sonam Jabchorpas, representatives from PYC, Russian Café, CSI market and LG members. The linkages between value chain actors identified during Multi-Stakeholders Platform (MSP) conducted last year is further strengthened.

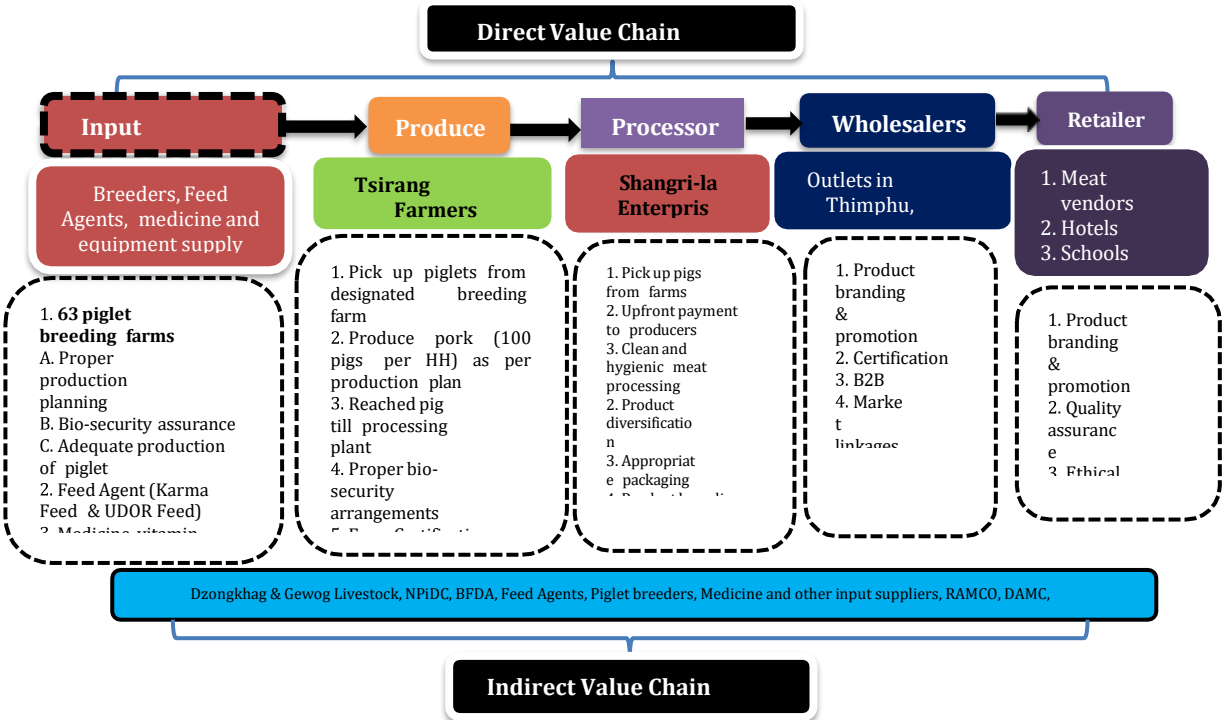
It is agreed that farmers would cultivate 20% of *Robusta* and 80% of *Arabica* as per the requirement of international markets. As agreed during the MSP, CSI market will establish processing plant at Panbang while Bhutan Mountain Coffee will establish processing plant at Tingtibi. KNC and PYC will play roles of aggregators linking coffee farmers of upper and lower Kheng respectively. To get clear pictures of profitability, preliminary economical and financial analysis were also carried out.

##### **Pork SIP Development workshop, Tsirang**

Project Management Unit (PMU) of BRECSA with technical support from RAMCO and WFP, TA conducted SIP development workshops. A three-day workshop was convened in Tsirang to brainstorm and conceive SIP for pork industry. Forty people (2 female, 38 male) participated in the workshop including Dzongkhag & Gewog livestock officials, Commercial Farmers and representatives of Karma Feed, BLDC, UDOR Feed, Shangri-la Enterprise and prominent piglet breeders and Hatcheries.

The workshop identified 300 commercial farmers willing to engage in commercial farming of pig with minimum capacity of 100 pigs per year. In total commercial farmers agreed to produce 100 pigs per day starting from next fiscal year. In principle M/S Shangri-La Enterprise agreed to do the processing of pork. The enterprise is requesting the concerned Government authorities to allocate the space in Changchay Industrial Park.

M/S Shangri-la will also do the product promotion, advertisement and marketing of pork within and outside country provided there is enough volume. To get clear pictures of profitability, preliminary financial and economic analysis were also done to convince farmers and other value chain actors.



**2.4.11. Consultation meeting for FEBL module development**

RAMCO, Gelephu conducted a workshop in Trongsa to review FEBL modules being implemented by DAMC, Tarayana and CARLEP and to develop uniform and standardized FEBL modules. A total of 13 people (3 female, 10 male) participated in the workshop. The workshop also gave an opportunity to finalize FEBL implementation guideline developed by PMU.

The workshop agreed to adopt module developed by CARLEP and being implemented in the six eastern Dzongkhags. The module will be used for the enhancing the capacity of the POs, FGs and smallholders’ farmers engaged in production.

The participants rigorously worked for three days to come up with comprehensive advance level FEBL module. Following are the contents of the module in brief developed during the workshop:

- ✓ **Entrepreneurship and Business Development**
- ✓ **Post-Harvest Technology and Value chain**
- ✓ **Record and book keeping**
- ✓ **Economic Analysis of Enterprise**
- ✓ **Financial Analysis of Enterprise**

In the preceding workshops the team will develop detailed training manuals and materials including videos and print materials.

#### **2.4.12. Centralized Milk Processing SIP development workshop, Trongsa**

A three-day workshop was convened in Trongsa to brainstorm and develop SIP for the centralized milk processing plant at Nubi, Trongsa. 23 people (5 female, 18 male) participated in the workshop including Dzongkhag and NDDC livestock officials, representatives from KNZ, Sonam Jabchorpas and chairperson of existing MPUs. The value chain actors are identified during Multi- Stakeholders Platform (MSP) conducted last year.

As identified during the MSP, more than 600 HHs of Nubi, Tangsibji and Drakteng Gewogs of Trongsa Dzongkhag agreed to engage in commercial dairy farming. The main responsibility of producers is to produce quality milk and reach till milk collection center (MCC) where chilling plants will be established. KNZ is identified as private sector to operate the centralized processing plant. KNZ is also entrusted to collect milk from chilling centers and bringing to processing plant. KNZ will process four products (Greek Yogurt, butter, cheese and pasteurized milk).

The preliminary economic and financial analysis were done to see the probability of milk production, processing and marketing of dairy products. The Cost of milk production by rearing five milking cows has been calculated at Nu. 40.97 per liter without Government subsidies. The NPV for the project investment in dairy was estimated at Nu. 953,446.36 (+) with a return on investment at 32% and an internal rate of return (IRR) at 33%. These economic parameters clearly indicate that investment in dairy farming would be profitable.

#### **2.4.13. Strengthen and re-link farmers' groups to schools and hospitals**

In Zhemgang Dzongkhag, 2 key institutions have been strategically linked with local production organizations to address persistent marketing challenges faced by livestock and agricultural producers. This institutional linkage is expected to enhance market access, streamline value chain coordination and create more reliable outlets for products such as dairy, poultry, vegetables, and other regionally produced goods. By facilitating direct engagement between producers and buyers, the initiative aims to reduce post-harvest losses, improve price realization, and promote sustainable income generation for farming communities. The intervention is viewed as a significant step toward strengthening agribusiness ecosystems and fostering inclusive rural development within the Dzongkhag.

### **C.3. COMPONENT 3: INNOVATIVE AND COMPETITIVE AGRI-FOOD SECTOR**

This component focuses on strengthening institutional capacity and regulatory services, the Bhutan Food and Drug Authority (BFDA) has made significant progress during the reporting period. Out of five planned activities for the fiscal year, four were successfully completed. These activities were primarily aimed at raising awareness and building capacity through targeted trainings and sensitization programs related to food safety and regulatory compliance. The interventions have contributed to enhancing the knowledge and capacity of key stakeholders, ensuring improved implementation of food safety standards and regulatory frameworks.

#### **OUTPUT 3.1. COMPETITIVENESS OF VALUE CHAINS AND MARKET SHARE IN DOMESTIC AND INTERNATIONAL MARKETS THROUGH REGULATION, STANDARDIZATION AND CERTIFICATION**

##### **3.1.1. Create awareness and capacity development of farmers and manufacturers on inspection, testing and certification**

This activity was successfully implemented in four target Dzongkhag, covering all 37 gewogs under the project. Officials from the Bhutan Food and Drug Authority (BFDA), in collaboration with gewog and Dzongkhag administrations, conducted awareness programs aimed at enhancing the understanding of food safety, inspection procedures, testing, and certification requirements among farmers and food manufacturers. A total of 337 participants took part in the programs, comprising 161 males, 176 females, and 51 youth. Among the participants 1 was PWD. The initiative played a key role in strengthening community-level knowledge on regulatory compliance and promoting safer and more standardized food production practices.

##### **3.1.2. Create awareness on seed certification requirements to registered Nursery operators and seed growers**

As part of the efforts to strengthen awareness on regulatory systems in agriculture, awareness programs on the Seed Certification System were conducted across four Dzongkhags. This activity was implemented by the respective gewogs under the project, in collaboration with the Bhutan Food and Drug Authority (BFDA) and local administrations.

The primary objective of this initiative was to educate farmers and key stakeholders, particularly those engaged in seed production and agricultural exports, on the importance, process, and benefits of certification systems. These awareness programs aimed to enhance understanding of regulatory frameworks, improve compliance, and ultimately strengthen the quality of agricultural inputs. A total of 970 participants (480 males, 490 females) attended the awareness programs. Among them, 72 were youth and 4 PWDs.

### **3.1.3. Biosecurity Awareness Program on Piggery and Poultry farms**

As part of efforts to strengthen on-farm biosecurity and prevent transboundary livestock diseases, especially African Swine Fever (ASF), the project supported awareness and training programs targeting poultry and piggery farmers in four project Dzongkhags. A total of 26 training sessions were conducted where 719 male, 424 female and 196 youth participated. The training focused on educating farmers about the importance of implementing farm-level biosecurity measures to minimize disease transmission risks between backyard and commercial farms. It also aimed to enhance farmer compliance with national biosecurity standards. In addition to training delivery, a baseline survey of livestock farms was initiated to identify gaps in current biosecurity practices and to inform targeted interventions in the next phase.

### **3.1.4. Facilitation of FBOs/SMEs and Farmers in fulfillment of the third-party Food Product / Bhutan GAP and Organic certification requirement**

To support farmers and Food Business Operators (FBOs) in meeting third-party certification requirements, the BFDA facilitated awareness programs on Food Product, Bhutan GAP, and Organic certification across the four implementing Dzongkhags where 157 males and 332 females attended. Among them, 13 youths were present. The aim was to build stakeholder understanding of the certification process, associated benefits, and compliance requirements, thereby promoting food safety, market access, and sustainable farming practices. In addition to training sessions, a feasibility assessment was conducted at 8 Mountain Farm in Jewan Goli village of Trong Gewog under Zhemgang Dzongkhag.

## **C4. COMPONENT 4: PROJECT MANAGEMENT, MONITORING AND EVALUATION & KNOWLEDGE MANAGEMENT**

### **OUTPUT 4.1. PROJECT MANAGEMENT ENHANCED AND IMPLEMENTED SUCCESSFULLY AS PER PROJECT REQUIREMENT**

#### **4.1.1. Maintenance of office spaces at Pelrithang Gewog Office**

Due to the unforeseen and unavoidable circumstances, the Project Management Unit (PMU) office underwent a relocation in May 2025. The office was shifted to the Pelrithang, within the Gelephu Gewog administrative compound to ensure continuity of operations and accessibility for stakeholders. The relocation process involved logistical coordination, infrastructure setup, and re-establishment of essential services. The estimated expenditure incurred for the relocation was approximately Nu. 700,000, covering transportation, refurbishment, and installation costs. This strategic move was undertaken to maintain operational efficiency and minimize disruption to project activities.

### **4.1.2. Project Website and Development of Management Information System (MIS)**

Following the contract negotiation and signing for the development of the official BRECSA website and Management Information System (MIS), which took place on 24th April 2024 in Thimphu, the assignment was formally awarded to Thimphu Tech Park Limited (TTPL). This update was shared during the first supervision mission conducted from 22nd April to 10th May 2024. The contract was finalized at a negotiated value of BTN 2.66 million.

The development of both the website and MIS was completed on 27th November 2024, with User Acceptance Testing (UAT) successfully carried out from 24th to 26th November 2024 at Gelephu. Following the UAT, the MIS platform was officially rolled out across all implementing agencies, enabling streamlined data management and reporting. Notably, the Annual Work Plan and Budget (AWPB) for the fiscal year 2025–2026 was prepared using the newly deployed MIS system.

During the initial rollout and planning phase, minor technical issues were identified. These have been formally communicated to the development team, who are currently engaged in debugging and system optimization to ensure full functionality and user satisfaction.

### **4.1.3. Project Baseline Study**

The baseline study faced several constraints that impacted the precision and comprehensiveness of its findings. Notably, delays in data collection and the late submission of essential datasets impeded timely analysis and reporting. Additionally, portions of the data received were misaligned with the specific requirements of the value chain assessments, prompting the need for validation of data to ensure accuracy and reliability. Some of the key findings of the baseline study are as outlined below:

#### **Demographic and Household Characteristics**

- 71% of the total respondents interviewed were smallholder farmers with an average household landholding at 1.4 acres.
- 38% of the total female respondents interviewed were women-headed households with household income lower than the male-headed households.
- 23% of the youths interviewed were in the age range of 18 to 35 years, clearly indicating the presence of economically productive population group.

#### **Housing, Assets, and Land**

- 85–96% of households reside in permanent housing structures, indicating general housing stability across four target Dzongkhags.
- Men dominate decision-making over use of productive assets in Sarpang and Tsirang, whereas in Trongsa and Zhemgang, women play a more prominent role, indicating an uneven asset ownership.

#### **Agricultural Production and Income**

- Predominant crops grown in four target Dzongkhags are paddy, maize, cardamom, areca nut and vegetables mostly at subsistence level with limited surplus marketed.
- Crop productivity is constrained by small landholdings, limited mechanization, human-wildlife conflict, and climate vulnerabilities.
- Livestock, particularly dairy and poultry serves as a supplementary source of income but remains underdeveloped.
- Sampled households have witnessed 16% increase in annual income from Nu. 92,227 in 2022 to Nu. 106,898 2023.

### **Nutrition and Health**

- BMI assessments show high incidence of overweight and obesity in Tsirang and Trongsa, while Sarpang and Zhemgang have high prevalence of undernutrition with 66% of male and 71% of female respondents in Sarpang reporting underweight.
- PWDs face greater barriers to accessing nutritious food due to affordability and availability issues.

### **Market Access and Value Chains**

- The smallholder farmers have limited access to market with weak road connectivity, absence of storage facilities, and poor aggregation as the major bottlenecks hindering commercialization across four target Dzongkhags.
- Smallholder farmers remain dependent on informal middlemen with no formal contractual agreement leaving them with limited bargaining power.

### **Financial Services and Enterprise Development**

- Access to credit and financial services is still limited making smallholder farmers depend largely on informal borrowing.
- Only a small fraction of households and youth enterprises are linked to formal financial institutions (BDBL, CSI Bank and MFIs).
- Rural agricultural entrepreneurial activity is still minimal, with weak producer organizations and cooperatives struggling with governance and service delivery.

### **Climate Resilience and Environmental Sustainability**

- Smallholder farmers with low adaptive capacity face high exposure to climate risks, including erratic rainfall, drought, incidence of pests and diseases and crop depredation by wildlife.
- Adoption of climate-resilient practices (efficient irrigation system, soil conservation, greenhouse technology, diversified cropping, staggered cropping, crop rotation, data driven farming technology) remains limited in four target Dzongkhags.
- Smallholder farmers' dependency on natural resources as a source of livelihood remains high, but sustainable natural resource management practices is currently lacking.

#### **4.1.4. Annual work completion report**

In alignment with the approved annual work plan for the fiscal year 2024–25, the Project Management Unit (PMU) successfully compiled the Annual Work Completion Reports, meeting the planned target. The report consolidates key achievements, challenges, and lessons learned across all thematic areas, and serves as a comprehensive reference for performance assessment and strategic planning.

#### **4.1.5. Field IFAD Supervision Mission and ISM**

During the fiscal year 2024–25, a total of 3 missions were planned to support project implementation and monitoring. The Project Management Unit (PMU) received targeted support through two Implementation Support Missions (ISM) and one Partial Supervision Mission (PSM). These missions provided strategic guidance, reviewed progress against agreed milestones, and offered actionable recommendations to enhance operational efficiency and compliance with IFAD and national standards. The collaborative engagement significantly contributed to strengthening institutional capacity, refining implementation strategies, and ensuring alignment with the overall project objectives. The key actions/ recommendations of the Partial Supervision Mission is presented separately under the relevant sub-sections in this report.

#### **4.1.6. Office Supplies, Operation and Maintenance**

For the fiscal year 2024–25, one Office Operation and Maintenance activity was planned under the annual work plan. This activity was successfully implemented within the reporting period, ensuring continued functionality and upkeep of the project office infrastructure. The achievement reflects the PMU's commitment to maintaining a conducive working environment and operational readiness in support of project execution.

Under this thematic heading, a total of 17 activities were initially planned for implementation during the fiscal year, which were implemented successfully, as planned.

#### **4.1.7. Organize PSC, Review and Planning Meeting with Dzongkhags and Implementing Partners**

The Project Management Unit (PMU) organized the Project Steering Committee (PSC) meeting as planned, seeking strategic guidance and direction from the committee. The PMU also organized a review and planning meetings to assess progress and recalibrate project activities apart from the stakeholder engagement workshop and TWG meeting.

#### **4.1.8. Purchase of Laptops, office stationeries and equipment**

The Project Management Unit (PMU) initially planned to procure 20 laptops during the fiscal year 2024–2025 to support operational efficiency and strengthen digital infrastructure across implementing agencies.

However, due to delay in centralized procurement process by the authorized agency, PMU managed to procure only 2 units of laptops within the reporting period which were allotted to the Coordination Officer and Chief, PPD. In addition, the Project Management Unit (PMU) successfully procured required stationeries and equipment, diligently prioritizing the actual needs to enhance operational efficiency of PMU.

#### **4.1.9. Vehicle operation and maintenance**

Given the need for regular mobility of PMU staff and in absence of the pool vehicles. The PMU, with prior approval from the Ministry utilized the pool vehicle allotted to RAMCO, Gelephu. The pool vehicle was used mainly for field monitoring visits with a fueling and maintenance cost from the budget allocated to PMU.

These travels were essential for monitoring project implementation, engaging with local stakeholders, and facilitating on-site coordination. Regular upkeep and fueling support enabled uninterrupted mobility, thereby contributing to the timely execution of planned activities across the project sites.

#### **4.1.10. Organize capacity development of project staff on Social Environmental, Climate Assessment Procedures (SECAP) in Kathmandu, Nepal**

In alignment with the annual capacity-building plan, one exposure training visit to Nepal was successfully organized during the reporting period. A total of eight Project Management Unit (PMU) staff participated in this five-day training program, which focused on the Social, Environmental, and Climate Assessment Procedures (SECAP) standards and protocols. The training provided participants with practical insights into SECAP implementation, enhanced their understanding of environmental safeguards, and strengthened their ability to integrate climate resilience measures into project planning and execution.

#### **4.1.11. Conduct workshop for development of social inclusion strategy**

Of the 2 workshops initially planned for the development of the Gender and Social Inclusion Strategy, only one was conducted during the fiscal year. The workshop brought together a diverse group of stakeholders, including sector heads from the four BRECSA target Dzongkhags. Also participating were Case Managers and Center Managers from RENEW Community Center Services in Zhemgang, Gelephu, and Tsirang, who brought valuable on-the-ground experience working with communities.

Representatives from the Ability Bhutan Society (ABS) in Tsirang and Zhemgang, an organization dedicated to promoting the rights and inclusion of persons with disabilities, also contributed their expertise. A single workshop successfully fulfilled the intended objectives, resulting in the formulation of the strategy as envisioned. Given the comprehensive outcomes achieved through this session—including stakeholder engagement, thematic validation, and strategic drafting—the second workshop was deemed unnecessary. The Project Management Unit (PMU) considers this activity fully accomplished within the planned timeframe.

#### 4.1.12. Monitoring of project activities and conduct meetings

Although a total of 12 monitoring visits were initially scheduled for the year to ensure timely oversight and quality assurance of project activities, only 4 monitoring visits were successfully conducted owing to delayed commencement of field implementation.

Additionally, the PMU also organized stakeholder engagement workshop to establish clarity on project targeting, focus and priorities among the stakeholders. However, with the activity implementation expected to commence on time from the coming fiscal year, the project aims to enhance the frequency of monitoring.

#### D. PROGRESS TOWARDS COMPONENT OUTCOME(S)

In 2024-2025 reporting period, PMU with support from WFP implemented the following activities as follows:

- **Development of ARP Version 1.0:** With support from WFP TA, the ARP Version 1.0 was developed through a consultative and participatory approach based on the findings of the CLEAR exercise in November 2024. However, considering that ARP Version 1.0 was not in line with the project requirement, the WFP TA is currently in the process of developing ARP Version 2.0, which is due to be completed by Mid-December 2025.
- **Stakeholder Consultation for formation of MSP for prioritized commodities:** The PMU with support from WFP TA had conducted stakeholder consultation for formation of MSP for spices, coffee, dairy, piggery and poultry. The consultation for the formation of MSP for mushrooms will be conducted in the beginning of 2025-26.
- **Development of Strategic Investment Plan (SIP):** Based on the findings of the MSP, the PMU with support from WFP TA, have so far developed SIP for Coffee and Piggery. The team is currently in the process of developing SIP for other commodities for which the consultation had been completed.
- **Nutrition Education and Establishment of Nutrition Model Gardens:** With support from WFP TA, Tarayana Foundation had conducted sensitization program on nutrition-sensitive agriculture interventions, and qualitative behavioural research in selected sites of four target Dzongkhags, conducted training on nutrition and climate smart farming technologies as part of establishing nutrition model gardens. Tarayana Foundation has selected 25 beneficiaries for the establishment of nutrition model gardens across four target Dzongkhags. In order to streamline implementation of nutrition related interventions, the TA Nutritionist is in the process of nutrition education materials and training module and manual, for which the draft will be ready by August 2025.

- **Formation of a fully functional MSP:** In the coming fiscal year 2025-26, the PMU with support from WFP TA will establish a fully functional MSP for all the prioritized commodities. WFP TA and PMU has agreed to establish at least two fully functional MSP before the supervision mission in November 2025.
- **Similarly, the project through the implementing partners had implemented a total of 77 activities successfully in 2024-2025 spreading across all four components, which have been reported in the preceding sections above.**

## **E. CONVERGENCE AND PARTNERSHIP**

### **E.1. Institution of Technical Working Group (TWG)**

Initially, the TWG was established to support the (CLEAR) exercise and development of ARP Version 1.0. However, given the significance of TWG to streamline project implementation, the TWG was later expanded to a project wide focus with a clear Terms of Reference.

In line with their TOR, the main role of TWG is to review the AWPB and project documents, and assess the project progress, and help align project priorities with ministry's 13<sup>th</sup> FYP priorities and objectives and create convergence with other projects and programs.

### **E.2. Famer groups, cooperatives, agri-entrepreneurs, and financial institutions**

Despite the initial delay, the project has identified potential FGs, Cooperatives (Coop), entrepreneurs, existing lead farmers and financial institutions to garner the partnership for effective and sustainable implementation of project interventions. For instance, Khengrig Namsum Cooperative, Dakphai Women Group, Takabi Women Group and Panbang Youth Cooperative are potential partners for implementation of spices value chain.

From the private side, M/S Kinzang Trader will be closely involved in ginger and turmeric powder export. For poultry industry in Tsirang the project has identified Dunlagang Broiler Cooperative, Tsirang Poultry Cooperative and Tsirang Smart Youth Group as the main partners in implementing poultry value chain and MSP. BDBL will be the potential financing partners in the poultry value chain.

### **E.3. Involvement of Civil Society Organization (CSO)**

The project will also engage CSOs such as Respect, Education, Nurture and Empower Women (RENEW), Ability Bhutan Society (ABS) and Tarayana Foundation especially for implementing the livelihood investment and targeted readiness support program in four target Dzongkhags.

## **F. PROGRAMME MANAGEMENT**

### **F.1. Annual Work Plan and Budget 2023-2024 preparation workshop**

The Annual Work Plan and Budget (AWPB) for the fiscal year 2025–2026 was prepared through the

Management Information System (MIS). The planning process began at the Gewog level and was consolidated at the Dzongkhag level, after which the AWPB was reviewed and endorsed by Dzongkhag Project Coordination Committee (DPCC). Following the DPCC endorsement, the Dzongkhag submitted the AWPB through the MIS to the Project Management Unit (PMU). Subsequently, the consolidated AWPB is formally submitted to the Project Steering Committee (PSC) for endorsement.

However, several changes were recommended by the PSC. Accordingly, the PMU coordinated rigorous review of the AWPB and finally organized a review workshop from 15<sup>th</sup> to 17<sup>th</sup> July 2025, involving key stakeholders including the Policy and Planning Division (PPD), Dzongkhags, and Ministry of Finance. The revised AWPB for 2025-26 is currently awaiting endorsement from IFAD. Subsequently, the PMU in collaboration with PPD will organize 4<sup>th</sup> PSC to seek final endorsement of the AWPB for 2025-26.

## **F.2. Dzongkhag Project Coordination Committee (DPCC) Meeting**

The respective dzongkhag facilitated the establishment of the Dzongkhag Project Coordination Committee (DPCC) to oversee the planning, implementation, monitoring, and reporting of project activities. The DPCC is chaired by the DASHO DZONGDAG, with members from the Local Government and relevant sector officials. The DAO serves as the Member Secretary. The DPCC is mandated to meet at least twice a year, with a dedicated budget allocated for its operations. The PMU has maintained a list of DPCC members along with their contact details. Annexure 3 provides the detailed list of implementing officials from all project partners some of whom are members to DPCC.

Unlike in the previous financial year, with timely release of funds and improved coordination, the DPCC meetings were successfully conducted in all Dzongkhags due to which the Annual Work Plan and Budget (AWPB) was endorsed by DPCC.

## **F.3. Project Steering Committee (PSC)**

BRECSA project is governed by a Project Steering Committee (PSC), chaired by the Secretary, MoAL. The members of PSC include Director of DMDf, Ministry of Finance (MoF); Dzongdag(s) of Sarpang, Trongsa, Tsirang and Zhemgang Dzongkhag Administrations; Director of BFDA, MoH; Director(s) of DoA, Director, DAMC and DoL, MoAL. The Chief Planning Officer of PPD, MoAL will function as the Member Secretary of the PSC. IFAD and WFP participate as an observer. The 3<sup>rd</sup> PSC was held on 15<sup>th</sup> January 2025 in Pangbang, Zhemgang where AWPB 2025-2026 was reviewed with a clear directive to revise the AWPB incorporating necessary changes. Some of the important decisions of the 3<sup>rd</sup> PSC are as follows:

- 1. The project cost reallocation and financial agreement amendment are delayed due to a lengthy review process. The project is expected to complete by January 2025, after which it will revise and seek No Objection for the AWPB for 2024-2025 and expedite fund disbursement. The committee directed the PMU to follow up with IFAD.**

- 2. The meeting discussed members' concerns about the negative implications of the MoF's 40:60 cost sharing modality on project implementation, directing Dzongkhags to officially raise the issue with the Ministry of Finance.**
- 3. The meeting discussed concerns about AWPB's authority under IFAD's scrutiny, recommending the final AWPB endorsed by the PSC. It recommended the PMU share formally with IFAD about PSC activities. To avoid confusion, the forum directed the PMU and PPD to ensure the AWPB is thoroughly reviewed by the Technical Working Group before the PSC conducts.**
- 4. The meeting emphasized the importance of revalidating and authenticating baseline information, as it is crucial for measuring project progress and should be shared with PSC members, as it is insufficiently aligned with project requirements.**
- 5. The meeting deliberated on the GMC Governor's proposal of including three Gewogs of Dagana which fall under GMC as an additional project area. However, given the limited project funds and expanding the areas would require revising the project targets, the PSC decided to defer the proposal until the Project Mid-Term Review.**
- 6. The lack of clarity on the definition of a hub, project support, funding scope, cost-sharing mechanism, and operational modality. The project, with WFP TA's support, was directed to revise guidelines, clarify infrastructure support, cost-sharing, and operational modality for the hub.**

## **G. HUMAN RESOURCE MANAGEMENT**

The project initially faced some difficulty in finding the right professionals to fill the key positions in PMU. However, the project is now fully staffed with 13 staff and 3 TA Specialists, discharging the mandates, as per the project requirement.

Nonetheless, Component Manager for Value Chain and Marketing is currently functioning on a multi-tasking mode, while two finance staff are based at Cluster Finance Service, Gelephu and the Coordination Officer is based at PPD, MoAL for effective coordination with the stakeholders.

## **H. FINANCIAL PROGRESS**

The Project Management Unit (PMU) distributed the first tranche of funds of Nu. 52.129 million to implement the 1<sup>st</sup> tranche AWPB for 2024-2025 (carryover activities of 2023-24) on 31<sup>st</sup> October 2025 and the 2<sup>nd</sup> tranche funds of Nu.73.434 million was disbursed based on the implementable activities identified by the implementing agencies within the remaining periods

of the fiscal year 2024-2025 on 18<sup>th</sup> March 2025.

Out of 107 approved activities with a budget of 119.865, a total of 30 activities were withdrawn, and only 77 activities were implemented successfully by the six implementing agencies. An overall financial progress for the fiscal year 2024-2025 is shown in Table 3 .

**Table 3: A summary of the financial progress achieved in the fiscal year 2024-2025**

Agency	Grant	Grant Expenditure	Loan	Loan Expenditure	Total Budget	Total Expenditure	Progress (%)
PMU	18.54	17.95	7.42	6.57	25.96	14.24	54.85%
RAMCO	6.20	3.60	0.00	0.00	6.20	3.60	58.06%
BFDA	2.75	2.75	0.00	0.00	2.75	2.60	94.55%
Sarpang	11.85	8.79	6.05	5.75	17.90	14.53	81.20%
Trongsa	10.74	8.82	7.49	7.49	18.23	16.31	89.51%
Tsirang	6.70	5.22	5.00	6.40	11.70	11.62	99.34%
Zhemgang	23.14	14.68	0.00	2.04	23.14	16.73	72.28%
WFP TA	4.70	3.04	0.00	0.00	4.70	3.04	64.69%

Amongst the implementing agencies, Tsirang Dzongkhag achieved the highest financial progress at 99.34%, followed by Bhutan Food and Drug Authority (BFDA) at 94.55%, while PMU recorded the lowest financial progress at 54.85% mainly due to the delay in delivery of the two units of project vehicles, for which the advance payment was made and it was not accounted as an expenditure. However, the low financial progress for other implementing agencies were mainly due to the withdrawal of 30 activities toward the end of the fiscal year which affected the overall financial progress.

Notwithstanding, the PMU submits Quarterly Interim Financial Reports (IFRs) to IFAD, where we are required to report the quarterly expenditures segregated by categories and components for both the financing instruments.

## I. PROCUREMENT

Following the approval of AWPB and Annual Procurement Plan for 2024-25, the project received the funds to initiate field implementation. Accordingly, the PMU disbursed the funds as per the approved AWPB and initiated the procurement process to implement the 1<sup>st</sup> tranche AWPB for 2024-25 and 2<sup>nd</sup> tranche AWPB for 2024-25.

In accordance with the project requirement, the PMU has communicated to all implementing agencies on the need to strictly follow the Procurement Rules and Regulations (PPR 2023) while also ensuring compliance with IFAD Procurement Guidelines. Accordingly, implementing agencies are being supported to comply with IFAD procurement guidelines, and all contracts are being accurately recorded in the IFAD open system. Nonetheless, given the rigorous procurement process and documentation required, the key challenge faced during the reporting period was the difficulty to obtain required procurement documents to facilitate timely approval in OPEN system.

Hence, in order to address these challenges. PMU has charted the clear way forward to propose each procuring agency to initiate a separate tendering for the project activities. With this arrangement PMU hopes to facilitate procurement process in an accelerate manner to enable implementing agencies to fast-track field implementation.

## **J. MONITORING AND EVALUATION, AND KNOWLEDGE MANAGEMENT**

### **J.1. Monitoring and Evaluation**

Monitoring and Evaluation (M&E) is a very important component of the project to ensure effective implementation and timely reporting. To streamline the reporting process, the project developed standardized reporting formats for all implementing agencies. Additionally, a centralized Google Drive system was established to facilitate real-time tracking of implementation progress across agencies. This approach has significantly improved coordination, enhanced transparency, and enabled timely data collection for informed decision-making.

Following are major activities implemented in 2024-25 to ensure effective and efficient monitoring of project implementation:

1. Baseline study is a key requirement for initiation of a project which was completed on 31<sup>st</sup> July 2024.
2. Management Information System (MIS) is being developed by Thimphu Techpark Limited which was completed on 30<sup>th</sup> November 2024.
3. AWPB for 2025-2026 and M&E Guidelines have been endorsed by PSC and are awaiting IFAD's endorsement.

### **J.2. Knowledge Management**

Knowledge Management (KM) is recognized as an integral component of the BRECSA project. KM involves systematically capturing, documenting, and disseminating knowledge generated through project implementation to influence attitudes, behaviors, and work practices—ultimately enhancing the Programme's performance and effectiveness. Although KM activities could not be launched earlier due to the delay in implementation, the project has now made commendable progress.

One of the key activities implemented under knowledge management was that the KM Strategy has been finalized, providing strategic direction for all KM-related efforts. KM activities have been initiated, including the regular update of project activities in the project official website and official Facebook page.

### **J.3. Gender**

As part of its commitment to gender inclusivity and social inclusion, the BRECSA project has developed a Social Gender Mainstreaming strategy. This strategy was prepared by the Social

Inclusion Officer to support the project's goal of creating an enabling policy environment that is sensitive and accommodating to people of all gender identities. The strategy is a key tool to ensure that project interventions are aligned with BRECSA's mandate.

## **K. CONSTRAINTS AFFECTING COMPONENT PROGRESS AND ACTIONS TAKEN**

While the project has now addressed most of the initial set back which hindered the commencement of the project implementation, the project has now addressed most of the initial set back. However, some of the crucial areas where PMU would require the support of all stakeholders and partners are as outlined below:

### **K.1. Fast-track development of ARP Version 2.0.**

Given the inherent gaps that exist in ARP Version 1.0 which was developed based on the recommendations of the CLEAR exercise, the stakeholder consultation workshop held from 17<sup>th</sup> to 18<sup>th</sup> October 2024 recommended the WFP to earnestly develop a robust ARP Version 2.0 within Mid-December 2025.

Hence, recognizing the significance of ARP to guide the project planning and implementation, the WFP has agreed to develop the ARP Version 2.0 within the specified deadline. Accordingly, WFP has already started preparing the concept plan for the development of ARP Version 2.0.

### **K.2. Limited capacity of project finance staff on IFAD financial management system**

Given that project finance staff are new to IFAD financial management system, compounded by IFAD's rigorous reporting standards and requirements, the project finance staff has not been able to prepare the Interim Financial Report (IFR) accurately requiring multiple reviews and revisions thus leading to the unexpected delay. This delay in submission of the quarterly IFRs has eventually led to the delay in fund disbursement and subsequent execution of project implementation.

### **K.3. Piggery and Coffee as new commodities**

Initially, piggery and coffee were not included as prioritized commodities in the project design. However, following the development of the Agriculture Resilience Plan Version 1 (ARP Version 1), these two commodities emerged as key priorities based on local needs and context and based on the repeated request from implementing agencies on the need to include these commodities under the project scope, the proposal to include them were raised to IFAD supervision held in 22<sup>nd</sup> April to 10<sup>th</sup> May 2024 and subsequently to the partial supervision mission held in March 2025. Accordingly, the mission recommended that the inclusion of these commodities will be based on the prior socio-economic and climatic assessment.

In view of this, the PMU carried out social, environmental and climatic assessment for the inclusion of the two new commodities. The findings of the assessment clearly indicate the potential for inclusion of these commodities under the project.

## **L. PROGRESS TOWARDS PROJECT PURPOSE AND GOAL**

Following the release of funds from IFAD, the field implementation commenced from 2024-2025 where the project implementing units successfully implemented 77 activities against a total of 107 activities targeted.

Therefore, the progress of each of these activities had been reported under respective components by outputs in the preceding sections above.

## **M. PROGRAMME SUSTAINABILITY**

The project is complex with more focus on value chain and market linkages which will assure economic viability which is imperative for sustainability. The project also focuses social inclusion, gender, nutrition and youth. In brief project is multi-dimensional approach and will promote sustainability.

### **M.1. BRECSA priorities in alignment with 13<sup>th</sup> FYP of the Royal Government of Bhutan**

The rolling out BRECSA and the 13<sup>th</sup> FYP plan of the Government is around same time which provided the opportunity for aligning wherever possible. The main 13<sup>th</sup> FYP objective of the economic cluster is to be a USD 10 billion creative, innovative, sustainable, green economy with GDP per capita of USD 12,000 and high-end jobs by 2034. On other hand project, aspires to catalyze a 30% increase in resilient commercial agricultural production and improve food and nutrition security in the 4 target districts by 2030. This will lead to mainstreaming of some of the successful interventions to sustain further.

### **M.2. Strengthening value chain development through self-financing mechanism**

The project's emphasis to establish Multi-Stakeholder Platform (MSP) and development of Strategic Investment Plans (SIP) would be able to attract private investment at various stages of the prioritized value chain.

Additionally, the project's ambitious target to establish a total of 16 agri-food hubs in strategic locations across four target Dzongkhags would help attract private sector investment. For instance, for coffee value chain development in Zhemgang, the MSP has attracted potential private sector such as Mountain Coffee and CSI.

Likewise, the planned dairy hub development initiative in Trongsa has attracted potential private entity who has agreed to invest in dairy value chain development in the Dzongkhag. Likewise, the project has also identified some potential investors for piggery and poultry value chain development, who has shown interest to collaborate with the project.

## **N. INNOVATIVE CLIMATE RESILIENT INTERVENTIONS**

## **N.1. Consolidated Livelihood Exercise Agriculture Resilient (CLEAR) and development of Agriculture Resilience Plan (ARP)**

CLEAR exercise is climate resilient tool where climate change impact and livelihood are analyzed together. This is the tool which will give Government comprehensive understanding and planning food security. This will help in identifying livelihoods most vulnerable to medium and longer-term impacts of climate change and inform the nation. Application of this tool will help in reducing vulnerability to climate change impacts on food security and nutrition by identifying long-term adaptation options.

Based on the findings of the CLEAR analysis, the project with support from WFP has developed Agriculture Resilience Plan (ARP Version 1.0) which is intended to guide the project planning and investment. However, considering the inherent gaps in ARP Version 1.0, WFP is currently in the process of developing ARP Version 2.0, which is due to be completed by Mid-December 2025.

## **N.2. Climate resilient infrastructure development guideline**

Given that there is no separate climate resilient infrastructure guideline and considering the major project focus, BRECSA project has drafted the climate resilient infrastructure guideline to streamline project priorities and focus. The guideline has been endorsed by 3<sup>rd</sup> PSC and currently awaits IFAD's endorsement of the guidelines.

This guideline has been developed to guide the project landscape Dzongkhags in planning and implementing infrastructure development under the project financing.

## **N.3. Establishment of Hubs**

The establishment of agri-hubs is the cornerstone of this project to ensure sustainable value chain development in four target Dzongkhags. The project aspires to develop 16 hubs in different project areas. The hub development will be based on the application of value chain and it will be market pulled approach.

The hubs will be established in strategic locations as per the findings of the ARP Version 2.0, linking all value chain actors to the hubs. As such, the project, during the reporting year has developed a gender and youth inclusive guidelines for the development of gender and youth inclusive hubs in 4 target Dzongkhags. The guideline has been revised based on the directive of the 3<sup>rd</sup> PSC and it will be further realigned ARP Version 2.0.

## **O. FOLLOW-UP OF LAST MISSION RECOMMENDATIONS**

### **O.1. Revision of the Agriculture Resilience Plans (ARPs)**

Prepare ARP Version 2.0 as per the October 2024 workshop recommendations: geospatial crop suitability zoning, value chain analysis, climate-resilient production clusters, infrastructure needs and locations and 5-year costed action plans. Provide recommendations for strengthening market connectivity, post-harvest management, and digital integration for land

use and resource monitoring.

**Action:** Finalized matrix for developing the ARP Version 2.0 based on the feedback and suggestions provided by the Core Team. A copy of the matrix has been shared with the ISM members for reference.

## **0.2. Prior assessment of commodities for BRECSA investment**

Undertake necessary assessments on the coffee and piggery value chains. This should be also done prior to incorporating additional commodities to ensure commercial viability, smallholder participation (especially women and youth), climate suitability, and alignment with SECAP guidelines, while also confirming market potential and private sector interest.

**Action:** The social, environmental and climate assessment for the inclusion of two new commodities - coffee and piggery under the BRECSA project was conducted and the report has been shared with the ISM members for feedback and suggestions to improve the report. In addition, the project, with support from WFP TA also conducted MSP and developed a Strategic Investment Plan (SIP), which was also shared with the mission team for review and suggestions.

## **0.3. Engagement of Technical Working Group**

Strengthen TWG engagement to review proposed TA activities in the AWPB, TORs, technical documents, align interventions with 13th FYP priorities, and enhance coordination to support effective ARP V.1 implementation, ARP V.2 preparation, and integration into Dzongkhag strategies.

**Action:** TWG engagement has been strengthened as suggested with **regular** review of TA activities, aligning with 13<sup>th</sup> FYP to ensure enhanced coordination for implementation of ARP Version 1.0.

## **0.4. Farmers Group mobilization for value chain development**

Identify successful farmers in various sectors such as vegetable cultivation, livestock farming, cash crop production, and high-value crop cultivation etc. who have excelled in organic farming practices. Support these farmers by assisting them in scaling up their capacity for commercialization and extending technical services to fellow farmers. WFT TA through Sanam Jabchorpa should assist the project in identifying the potential list of lead farmers.

**Action:** PMU has compiled the list of existing lead farmers in four target Dzongkhags.

## **0.5. Financial Education and Business Literacy (FEBL) roll out**

Develop FEBL resource manual, including the audio-visual materials by adopting existing resources from CARLEP, Tarayana Foundation and DAMC. Prepare FEBL Implementation Guidelines and seek approval from concerned agencies and PSC. Conduct ToT of FEBL

Facilitators and roll-out first batch of FEBL classes to 60 Farmers groups (FGs) following the peer-to-peer approach.

**Action:** The FEBL guidelines and manual have been developed and is currently under review.

#### **0.6. Assess localized digital marketing applications**

Assess the user interface, functionality, performance, and compatibility of existing digital marketing systems developed by DAMC and upgrade or develop farmer centric and user-friendly digital marketing apps, ensuring adaptability and sustainability.

**Action:** Given the concern with the promotion of the WFP's digital marketing tool - Farm2Go, the last stakeholder workshop held in Gelephu from 26th to 28th March 2025 recommended the WFP to assess the existing digital platforms rather than directly promoting the WFP's own digital tools, which may undermine the sustainability. Accordingly, the WFP is currently reviewing the existing system in collaboration with DAMC under the MoAL.

#### **0.7. SIP preparation and validation**

Develop Strategic Investment Plans (SIP) for all six commodities (value chains) as a part of ARP V.2 development, identifying critical areas of interventions in each VC and conduct MSPs at Dzongkhag level for finalization and validation of SIPs and development of concrete action plans along with anticipated outreach for each value chain, as a basis for planning in the next upcoming AWPB.

**Action:** While the project, with support from WFP, has completed the MSP but the development of SIP is currently underway. The project has so far developed SIP for dairy, coffee and piggery value chains.

#### **0.8. BRECSA office relocation**

Ensure that the relocation of the BRECSA office is carefully managed and executed to minimize disruptions and prevent delays in implementation of project activities.

**Action:** As planned, the Office of the PMU has been relocated to Gelephu Gewog Office, Pelrithang on 23rd May 2025.

#### **0.9. Updating of logical framework**

Update the project logical framework to accurately reflect the outcomes of the baseline study.

**Action:** The project logical framework has been updated, as required, with support from IFAD M&E Specialist.

#### **0.10. BRECSA MIS improvements**

Maintain the list of feedback received from MIS users, and plan/budget for adjustments as

relevant, particularly to improve time-efficiency of data-entry.

**Action:** The PMU is working closely with the Service Provider to incorporate the required changes in MIS, as suggested by the stakeholders, during the planning and reporting process. Hence, PMU plans to complete **incorporating the** necessary changes within **July** and start incorporating the baseline information into the system by mid-August, 2025.

#### **0.11. AWPB 2024/25 MIS upload**

Upload the Annual Work Plan and Budget for 2025-2025 to the MIS for archiving and result tracking.

**Action:** The AWPB for the past fiscal years and the progress will be incorporated in MIS immediately after the on-going revision is completed.

#### **0.12. Baseline survey completion**

Ensure the submission of complete and accurate raw data by the service provider, and Dzongkhag and Gewog farm-related data.

**Action:** The baseline study report is currently being reviewed with support from IFAD Country Office and PMU plans to finalize the same within July 2025.

#### **0.13. Renew contract of Tarayana Foundation**

Ensure that the contract with Tarayana Foundation is renewed to prevent disruption of critical community mobilization and project activities, including ARP V.2 development. Their established local networks and implementation experience are essential for maintaining momentum as BRECSA accelerates its implementation.

**Action:** PMU has learned that WFP Country Office and Tarayana Foundation have completed all the necessary formalities to renew contractual agreement in August 2025.

#### **0.14. Update ESCMP with new activities and roles**

Revise the ESCMP to integrate coffee and piggery activities, define roles and responsibilities, and ensure inclusion in the next AWPB cycle.

**Action:** While the PMU has developed a separate ESCMP for piggery and coffee, PMU is also in the process of developing an overall ESCMP framework for the project.

#### **0.15. Financial Management - Transfer of Fund of USD 9,694.41 from IFAD Loan account to GAFSP Grant Account**

An expenditure of USD 9,694.41 incurred for IFAD loan from GAFSP Grant account needs to be transferred from the IFAD Loan account to the GAFSP Grant account.

**Action:** The amount has been adjusted on 29<sup>th</sup> April, 2025 vide Letter No. DTA/TMD/GAM/07/2024-2025/443.

#### **0.16. Timely submission of Q-3 Interim Financial Reports (IFRs) for Fiscal Year 2024-25**

The Q3- IFRs for Fiscal Year 2024-25 and subsequent IFRs should be submitted to IFAD on a timely manner.

**Action:** The IFRs has been submitted as soon as it was verified by IFAD.

#### **0.17. Cancellation of two Withdrawal Applications (WAs) and timely submission of WAs for justification of expenditures**

Two WA No. Q1-J-12 for USD 343,606.32 and Q2-J-13 for USD 427,229.40 for the justification of project expenditures have been incorrectly submitted to IFAD and both WAs need to be cancelled. The project management needs to submit WAs on quarterly basis to IFAD for justification of expenditures incurred and advance for the next quarters. Additionally, for the fiscal year 2024-25, the WA for Q2 for USD 16,197.76 for the loan and USD 38,562.59 for the grant, are still pending for submission for the justification of expenditure.

**Action:** The corrected version of the withdrawal applications for Q2 has been submitted and IFAD has endorsed the withdrawal applications for both the fund sources.

#### **0.18. Resolution of ineligible expenditure for Fiscal Year 2023-24**

Ineligible expenditure amount of NU 15,209 has been deposited into the Audit Recoveries Account of the Government, which needs to be transferred to the Department of Treasury Account or Project Operating Accounts.

**Action:** Royal Audit Authority (RAA) has deposited the amount of Nu.15,209.00 (included in Nu.131,366,968.74) to DTA on 23rd April 2025 vide Letter No. RAA/FLSD-ARU-01/2025/4140.

#### **0.19. Revision of Project Implementation Manual (PIM)**

The project needs to submit the revised Project Implementation Manual ("PIM") to IFAD for obtaining NOL for efficient and smooth implementation of project activities.

**Action:** The PIM developed initially during the inception in October 2023 was revised during the ISM Workshop held from 8<sup>th</sup> to 13<sup>th</sup> July 2024. Furthermore, the PIM was updated after the PSM held in March 2025. The updated version was shared with the ISM team. PIM is being further reviewed by PMU, updated version of which will be shared for review and endorsement by IFAD.

## **0.20. Budget Planning and regular monitoring**

Project needs to prepare an action plan for regular monitoring of expenditures against approved budget for implementation of planned activities.

Action: The project financial transaction is **being** monitored on a daily basis using the **daily transaction record maintained in** google sheet, **which has been** shared with all the focal finance and accounts personnel of all **the implementing partners for compliance**.

## **0.21. Counterpart Funding Disbursement action plan**

Institutions and Beneficiary contributions needs to be prepared on achieving target as set in FA and PDR. The project needs to update and record the Counterpart funding figures/information at least on a quarterly basis.

Action: The RGOB counterpart expenditure **has been captured as on 30<sup>th</sup> June 2025** using daily financial transaction **maintained in** google sheet **which** were included in the IFRs for Q3 of 2024-2025.

## **0.22. FM Action plan for 2025 to be followed**

The Project needs to provide its FM Action Plan for 2025 to IFAD in March 2025 addressing all IFAD requirements relating to FM (staff, AWPB, Disbursement, Internal control, Reporting and Auditing). Joint PMU and IFAD monitoring of the FM Action plan. This monitoring and implementation by the project need to be done on a regular basis.

Action: The PMU has been **complying with** the monthly action plans for both **the** project financial management and counterpart funding since July 2024.

## **0.23. Compliance with loan covenants**

Project should comply with all legal covenants of the Financing Agreement, Letter to the Borrower and General Conditions.

Action: All the legal covenants and General Conditions of FA, and Letter to **the** Borrower **are being complied**.

## **0.24. Acceleration of procurement activities**

Most of the planned activities are yet to be implemented. Implementation has been constrained due to delay of project budget release to Dzongkhags. It is recommended to expedite the fund release process.

**Action:** The required funds have been disbursed to the implementing agencies based on the

approved AWPB.

### **0.25. Update of OPEN system**

None of the procurement activities are updated with required documents in the OPEN system till now. The mission urges the PMU to update the OPEN system with required documents immediately.

**Action:** PMU's Procurement Officer is working closely with the Focal Procurement Officers of the implementing agencies in expediting the updation of procurement process in OPEN system.

### **0.26. Training on procurement**

The Procurement Officer of the PMU, Trongsa and Tsirang Dzongkhags are quite new to the procurement profession. The Procurement Officer of Sarpang Dzongkhag has been transferred recently and they may assign the procurement task to the Store Keeper who lacks procurement experience. Additionally, the contract duration of the Store Keeper will expire in a few months and the replacement of the Procurement Officer is unlikely. To ensure uninterrupted procurement, a practical oriented procurement training to those officials involved in project procurement is necessary.

**Action:** Although PMU has already organized two rounds of training for focal procurement officers and focal accounts personnel on IFAD financial management and procurement system so far. **However**, given that **some of the** Procurement Officers **have been newly recruited**, **PMU will plan a refresher training course based on need.**

## **P. ANNEXURES**

The Annexures provide the information on physical progress measured against the project log-frame, details of project staff, members of PSC, project implementing agencies, focal officials from line technical agencies.

## Annexure 1: Physical progress measured against the log-frame

Results Hierarchy	Indicators				Project Year 1 (2023-24)			Project Year 2 (2024-25)		
	Name	Baseline	Mid-Term	End Target	Year Targets	Year Results	Cumulative	Year Targets	Year Results	Cumulative
Outreach	<b>1. Persons receiving direct benefit/services promoted or supported by the project (GAFSP Tier 2.1)</b>									
	Males - Males		11000	18836	165	165	165		2683	2848.00
	Females - Females		14000	28252	74	74	74		2334	2408.00
	Young - Young people		5600	14126	18	18	18		423	441.00
	Total number of persons receiving services - Number of people		25000	47088	239	239	239		5017	5256.00
	Male - Percentage (%)		40	40	69.30%	69.30%			53.48%	
	Female - Percentage (%)		60	60	30.70%	30.70%			46.52%	
	Young - Percentage (%)		10	30	7.70%	7.70%			8.43%	
	Persons with disabilities - Number		340	600	0	0	0		16	16.00
	<b>1.b. Estimated corresponding total number of households members</b>						0.00			0.00
	Household members - Number of people		28080	37830	52	52	52.00		3483.00	3535.00
	<b>1.a. Corresponding number of households reached</b>						0.00			0.00
	Women-headed households - Households		3700	5800	4	4	4.00		215.00	219.00
	Non-women-headed households - Households		3500	3900	48	48	48.00		3268.00	3316.00
Households - Households		7200	9700	52	52	52.00		3483.00	3535.00	
Project Goal: Catalyze a 30% increase in resilient commercial agricultural production and improve food and nutrition security in the 4 target districts by 2030.	<b>% of households reporting 30% increased production yield / produce being marketed compared to baseline (GAFSP Tier 1)</b>						0.00			0.00
	Households - Percentage (%)	16%			0		0.00			0.00
	<b>Increase in income of beneficiaries (GAFSP Tier 1)</b>									0.00
	Males - Males	706	11000	18836	165		0.00		0.00	0.00
	Females - Females	446	14000	28252	171		0.00		0.00	0.00
	Young - Young people		5600	14126	5		0.00		0.00	0.00
	Total number of persons receiving services - Number of people	1152	25000	47088	2299		0.00		0.00	0.00
Male - Percentage (%)		40	40	7.177		0.00		0.00	0.00	

	Female - Percentage (%)		60	60	7.438		0.00		0.00	0.00
	Young - Percentage (%)		10	30	0.217		0.00		0.00	0.00
	Persons with disabilities - Number		340	600	0		0.00		0.00	0.00
Development Objective: Transform smallholder agriculture into inclusive and resilient agri-food systems that are increasingly profitable and food and nutrition sensitive.	<b>1.2.8. Women reporting minimum dietary diversity (MDDW)</b>									0.00
	Women (%) - Percentage (%)	53%	35	50			0		0	0.00
	Women (number) - Females	1203	6353	14126			0		0	0.00
	Households (%) - Percentage (%)	10	35	50			0		0	0.00
	Households (number) - Households	620	6353	9075			0.00		0.00	0.00
	Household members - Number of people	2353	25410	36300			0.00		0.00	0.00
	Women-headed households - Households	0	2954	4220			0.00		0.00	0.00
	Women-differently-abled person- HHS	0	170	360			0.00		0.00	0.00
	<b>IE.2.1. Individuals demonstrating an improvement in empowerment</b>									0.00
	Total persons - Percentage (%)	46%					0.00		0.00	0.00
	Total persons - Number of people		25000	47000			0.00		0.00	0.00
	Females - Percentage (%)						0.00		0.00	0.00
	Females - Females		14000	28200			0.00		0.00	0.00
	Males - Percentage (%)						0.00		0.00	0.00
	Males - Males		11000	18800			0.00		0.00	0.00
	<b>2.2.5. Rural producers' organizations reporting an increase in sales</b>									0.00
	Percentage of rural POs - Percentage (%)		44	60			0		0	0.00
	Number of Rural POs - Organizations		80	150			0		0	0.00
	Rural POs with women in leadership position - Organizations						0.00		0.00	0.00
	<b>2.2.1 Persons with new jobs/employment opportunities</b>									0.00
	Males - Males		1000	1700			0.00		0.00	0.00
	Females - Females		1200	2040			0.00		0.00	0.00
Young - Young people		3000	5000			0.00		0.00	0.00	
Total number of persons with new jobs/employment opportunities - Number of people		2200	3740			0.00		0.00	0.00	
Persons with disabilities - Number		170	360			0.00		0.00	0.00	

1. Resilient production systems: Outcome 1: Agri-food sector contribution to resilience, food and nutritional security and income of smallholder farmers, women and youth is enhanced.	<b>SF.2.1. Households satisfied with project-supported services</b>									0.00
	Household members - Number of people		22460	30264			0.00		0.00	0.00
	Women-headed households - Households		2960	4650			0.00		0.00	0.00
	Households (%) - Percentage (%)		80	80			0.00		0.00	0.00
	Households (number) - Households		5760	7760			0.00		0.00	0.00
	<b>SF.2.2. Households reporting, they can influence decision-making of local authorities and project-supported service providers</b>									0.00
	Household members - Number of people		16000	28000			0.00		0.00	0.00
	Women-headed households - Households		1800	4000			0.00		0.00	0.00
	Households (%) - Percentage (%)		70	70			0.00		0.00	0.00
	Households (number) - Households		3000	6800			0.00		0.00	0.00
	<b>1.2.4. Households reporting an increase in production</b>									
	Total number of household members - Number of people		100	100			0.00		0.00	0.00
	Households - Percentage (%)		38	71			0.00		0.00	0.00
	Women-headed households - Households						0.00		0.00	0.00
	Households - Households		8000	15000			0.00		0.00	0.00
	<b>3.2.2. Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>									
	Total number of household members - Number of people		15000	28250	0		0.00		0.00	0.00
Households - Percentage (%)		60	60	0		0.00		0.00	0.00	
Women-headed households - Households		2300	4350	0		0.00		0.00	0.00	
Households - Households		3850	7243			0.00		0.00	0.00	
<b>Component 1 Outputs</b>	<b>1.1.8. Persons provided with targeted support to improve their nutrition (GAFSP Tier 2.12) Number 11 and 12</b>									
	Total persons participating - Number of people		12960	21600			0.00	0.00	1336.00	1336.00
	Females - Females		2070	3450			0.00	0.00	530.00	530.00
	Young - Young people		1200	3625			0.00	0.00	102.00	102.00
	Women-headed households - Households		1656	2760			0.00	0.00	39.00	39.00
	Differently abled persons - Number of people		360	600			0.00	0.00	10.00	10.00
	Extension workers/Government staff		37	37			0.00	0.00	0.00	0.00
<b>Households with homestead kitchen gardens which beneficiaries are included in</b>										

	<b>nutrition education</b>								
	Females – Number		772	1158			0.00	0.00	0.00
	Males – Number						0.00	0.00	0.00
	Young – Number		380	570			0.00	0.00	0.00
	Differently abled persons - Number of people		114	172			0.00	0.00	0.00
	Capacity building of extension workers on nutrition – Number		37	37			0.00	0.00	0.00
	Households – Number		1266	1900			0.00	0.00	0.00
	<b>3.1.4. Agricultural/land area where climate resilient or sustainable agriculture practices are implemented (GAFSP Tier2.14)</b>								
	Hectares of land - Area (ha)		552	1577			0.00	6.40	6.40
	<b>1.1.3. Rural producers accessing production inputs and/or technological packages (GAFSP Tier 2.3)</b>								
	Males – Males		1200	2000			0.00	481.00	481.00
	Females – Females		2300	6000			0.00	532.00	532.00
	Young - Young people		500	1300			0.00	153.00	153.00
	Total rural producers - Number of people		3500	8000			0.00	1013.00	1013.00
	<b>Number of farmers receiving inputs or service on climate resilient or sustainable agriculture practices (GAFSP Tier 2.13)</b>								
	Total number of farmers adopting technologies or practices received		3500	8000			0.00	1040.00	1040.00
	Total number of female farmers adopting technologies or practices received		1200	3000			0.00	530.00	530.00
Component 2 Strengthened value chain coordination and market linkages  Outcome 2 Fostered business-oriented environment for farmer groups to develop private sector enterprises in the agri-food sector and for	<b>2.2.2. Supported rural enterprises reporting an increase in profit</b>								
	Number of enterprises – Enterprises	30	15	30			0.00	0.00	0.00
	Percentage of enterprises - Percentage (%)	41.09					0.00	0.00	0.00
	Farm – Farms						0.00	0.00	0.00
	<b>2.2.6. Households reporting improved physical access to markets, processing and storage facilities</b>								
	Households reporting improved physical access to markets - Percentage (%)		20	50			0.00	0.00	0.00
	Size of households - Number of people		4.6	4.6			0.00	0.00	0.00
	Women-headed households - Households						0.00	0.00	0.00

engaging youth in lucrative commercial ventures	Households reporting improved physical access to processing facilities - Percentage (%)		10	20			0.00		0.00	0.00
	Size of households - Number of people		4.6	4.6			0.00		0.00	0.00
	Women-headed households - Households						0.00		0.00	0.00
	Households reporting improved physical access to storage facilities - Percentage (%)		25	60			0.00		0.00	0.00
	Size of households - Number of people		4.6	4.6			0.00		0.00	0.00
	Women-headed households - Households						0.00		0.00	0.00
	Households reporting improved physical access to markets - Households		4200	10500			0.00		0.00	0.00
	Households reporting improved physical access to processing facilities - Households		2100	4200			0.00		0.00	0.00
	Households reporting improved physical access to storage facilities - Households		5250	12600			0.00		0.00	0.00
Component 2, Outputs	<b>2.1.3. Farmer groups supported (GAFSP Tier 2.4)</b>									
	Total size of POs – Organizations		2000	3900		0	0.00		0.00	0.00
	Rural POs supported – Organizations		80	130		0	0.00		0.00	0.00
	Males – Males		500	900		0	0.00		0.00	0.00
	Females – Females		1500	3000		0	0.00		0.00	0.00
	Young - Young people		500	1000		0	0.00		0.00	0.00
	Rural POs supported that are headed by women - Organizations		25	50		0	0.00		0.00	0.00
	<b>Policy 2. Functioning multi-stakeholder platforms supported</b>									
Number – Platforms		16	24		3	3.00		3.00	6.00	
Component 3 Innovative and competitive agri-food	<b>Policy 3. Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</b>									

sector										
Outcome 3 Enabling financial and policy environment to promote a competitive and modernized food sector	Number – Number		0	1		0	0.00		0.00	0.00
Component 3 Outputs	<b>1.1.5. Persons in rural areas accessing financial services (GAFSP Tier 2.5)</b>									
	Men in rural areas accessing financial services - credit - Males		70	156		0	0.00		0.00	0.00
	Women in rural areas accessing financial services - credit - Females		70	156		0	0.00		0.00	0.00
	Young people in rural areas accessing financial services - credit - young people		20	46		0	0.00		0.00	0.00
	Total persons accessing financial services - credit - Number of people		140	312		0	0.00		0.00	0.00
	Persons with disabilities in rural areas accessing financial services - credit – Number					0	0.00		0.00	0.00

## Annexure 2: List of BRECSA Project Staff

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### Annexure 3: List of project partners

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