

**STANDARD OPERATING PROCEDURE
FOR
ISSUANCE OF TECHNICAL CLEARANCE/LETTER
OF INTEREST FOR AGRICULTURE PROJECTS IN
BHUTAN**



**Department of Agriculture
Ministry of Agriculture and Forests
Thimphu; Bhutan**

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1. BACKGROUND

Bhutanese agriculture is transitioning from a smallholder subsistence agriculture to semi-commercial and commercial agriculture. With the government's drive to commercialize farming through credit provisions, Land User Certificates (LUCs) and youth engagement, Department of Agriculture is receiving project proposals from interested proponents to venture into numerous agriculture farming and enterprises.

As a prerequisite to agriculture project proposals for business license and loan application, a Technical Clearance from the Department of Agriculture is required by the concerned agencies such as Cottage and Small Industries (CSI) bank and Department of Cottage and Small Industry (DCSI) MoEA.

Similarly, the Letter of Interest (LoI) is issued by the Department of Agriculture to proponent regarding the project proposal that required land lease approval from National Land Commission Secretariat (NLCS). According to the Land Lease Rules and Regulations 2018, Chapter 6, Section 81 "letter of Interest" (LoI) shall mean a technical feasibility affirmation issued by competent authority based on the project proposal.

1.2. Objectives

The purpose of this Standard Operating Procedure (SOP) is to facilitate commercialization of agriculture through:

- Establishment of a framework for issuing technical clearance and letter of interest.
- Enhancement of service delivery efficiency with systematic and cohesive procedures.

2. GUIDING POLICIES/GUIDELINES/Frameworks

2.1. Acts

- a) Biosafety Act of Bhutan 2015
- b) Land Act of Bhutan 2007
- c) Biodiversity Act of Bhutan 2003
- d) The Seed Act of Bhutan 2000
- e) Pesticide Act of Bhutan 2000
- f) Plant Quarantine Act of Bhutan 1993
- g) Bhutan Forest Act of 1969

2.2. Rules and Regulations

- a) Pesticide Rules and Regulations of Bhutan 2019
- b) Seed Rules and Regulations of Bhutan 2018
- c) Land Lease Rules and Regulations 2018
- d) Forest and Nature Conservation Rules of Bhutan 2017
- e) Plant Quarantine Rules of Bhutan 2003

2.3. Policies

- a) Foreign Direct Investment (FDI) Policy 2019
- b) Economy Development Policy 2016
- c) Food and Nutrition Security Policy of the Kingdom of Bhutan 2014

2.4. Guidelines and Framework

- a) CSI fair Guideline 2018.
- b) National Organic Framework of Bhutan 2007

3. SCOPE

This SOP shall apply for issuance of Technical Clearance (TC) and Letter of Interest (LOI) by the Department of Agriculture for Business License, Credit Services and Land lease for all agriculture projects to be implemented in Bhutan.

4. PROCEDURES

4.1. Proponent

1. All project proposals, regardless of project scope shall be submitted to the respective Dzongkhag Agriculture Sector (DAO) along with the application (**Annexure I**).

The proposal shall include the followings;

- a) Project title
 - b) Background
 - c) Objectives
 - d) Commodity/Product
 - e) Operational plan (Explain the operation of the business, its location, area (own land or lease), equipment, human resource, processes, and surrounding environment)
 - f) Marketing plan
 - g) Financial analysis
 - h) Risk management
 - i) Sustainability plan
 - j) Any other
2. In case of government land lease, the proponent shall process for forest clearance and the dzongkhag agriculture shall facilitate in obtaining clearance.

4.2. Dzongkhag Agriculture Sector

1. Upon receiving the applications, Dzongkhag Agriculture Sector shall carryout field investigation (**Annexure II**) and process as below:
 - a. For land lease area up to 1 acre or Project value up to Nu. 1 million, the Dzongkhag shall issue TC/LOI to the proponent within 10 working days from the date of receipt of the application (**Annexure III**)

- b. In case the proposal is not approved, Dzongkhag shall return the proposal officially to the proponent with justification within the above 10 working days.
- c. If the proposal is approved, the Dzongkhag Agriculture Sector shall carry-out timely monitoring and ensure that the intended activity is implemented and reported to the department.
- d. All projects being implemented in the Dzongkhag shall be monitored and reported to the department on quarterly basis (**Annexure IV**).
- e. The Dzongkhag Agriculture Sector shall maintain the inventory of all approved proposals.
- f. The Dzongkhag Agriculture Sector shall forward the proposals along with verified report to ARDCs or department that are beyond the scope of Dzongkhag within the above 10 working days (Table 1)

Table 1: Authority for issuance of Technical Clearance and Letter of Interest at agency level

Agency Level	Technical Clearance for Business License and Loan (Project value)			Letter of Interest for Land Lease (Area)		
	Up to 1 million	1 – 5 million	Above 5 million	Up to 1 acre	1 – 5 acres	Above 5 acres
Dzongkhag Agriculture Sector	✓			✓		
ARDCs		✓			✓	
Department			✓			✓

4.3. Agriculture Research and Development Centre (ARDCs)

1. Upon receiving the proposal and verified field report from the Dzongkhag, ARDC shall further review the proposals, or if need be, conduct field verification within **10** working days from the receipt of the application from Dzongkhag.
2. If the proposal is recommended, the TC/LoI shall be issued within 10 working days from the receipt of the proposal from Dzongkhag (**Annexure V**).
3. In case of non-approval, ARDC shall return the proposal officially to the Dzongkhag with justification within 10 working days of the receipt of the proposal from Dzongkhag.
4. The ARDCs shall maintain the inventory of all proposals and carry out half yearly monitoring of the approved projects.
5. Inventory of all approved projects shall be shared with Dzongkhag Agriculture Sector and Department.

4.4. Department of Agriculture (HQ)

1. Upon receiving the proposal and verified field report from the Dzongkhag, the department shall review within **1 month** working days from the receipt of the application from Dzongkhag.
2. The department shall issue TC/LOI within the above 1 month working days (**Annexure VI**).
3. The Department shall share a copy of TC/LOI with ARDCs and Dzongkhags for monitoring and necessary technical support.
4. In case of non-approval, the department shall return the proposal officially to the Dzongkhag with proper justification within the above 1 month working days.
5. The department shall maintain a database of all the project proposals and carryout annual review and evaluation for the approved projects.
6. Basic soil suitability assessment to be carried out by National Soil Services Centre within 3 weeks from the receipt of the application from department.

5. ANNEXURES

Annexure I: Application form for obtaining technical clearance/letter of interest

Date:

To

The Dzongkhag Agriculture Officer,
Dzongkhag Administration

.....

.....

Sub: Request for Technical Clearance/Letter of Interest

Sir/Madam,

I would like to submit the proposal for obtaining technical clearance/letter of interest. The details of the information are given below.

A. Personal details

Name of the applicant (s):

CID of the applicant/Group/Cooperative registration no.:

Address of the applicant (s):

B. Project details

Title:

Project value (Nu. In Million):

Proposed land lease area (In Acres):

C. List of documents required

- a. Project proposal
- b. CID photo copy of the proponent(s)
- c. Copy of lagthram or copy of land lease agreement
- d. Forest clearance (for land lease only)

Declaration and undertaking

I/We hereby declare that:

The information provided above is true and complete. Should any changes in the information provided occur, I/We undertake to inform the Dzongkhag agriculture sector, immediately.

Yours faithfully,

(Name & Signature)

Annexure II: Review form of agriculture projects for land lease, Business license and credit services.

Details:

Project Title:

Name of the proponent:

CID No.:

Village:

Gewog/Thromde:

Dzongkhag:

Date of proposal received:

Project value:

Proposed Land: Lease area _____ (Acre)

Own area _____ (Acre)

Enterprise/Entrepreneurial Criteria	Yes/No	Remarks If any
1. Target Commodity:		
2. Site suitability: <ul style="list-style-type: none"> • Altitude • Climate • Soil suitability for production related projects and project value > 5 million. • Slope and aspect for production related projects 		
3. Irrigation Access:		
4. Access to Road and Market:		
5. Related Work Skills:		
6. Risk of Failure		
Institutional Criteria		
2. Food and Nutrition Security		
3. Employment Generation:		
4. Linkage with Institutions for markets:		
5. Others (Specify)		

Recommended/Not Recommended

Reviewers

1. Name: _____ Signature: _____

2. Name: _____ Signature: _____

(Letter head to be inserted)

Annexure III: Technical clearance form (dzongkhag)

TECHNICAL CLEARANCE/LETTER OF INTEREST

Name of the proponent:	CID No.:	Village:
Gewog:	Dzongkhag:	
Project value:	Project Location:	
Project Title:		
Relevance:	Yes [] or No []	
Technical feasibility:	Feasible [] or Not-feasible []	
Recommendation:	Recommended [] or Not Recommended []	

Based on the assessment of the reviewer's report, the proposal is hereby **approved/not approved** by the committee for **Business License/Land lease/Credit Services**.

The Dzongkhag Agriculture sector shall provide technical backstopping during implementation of projects wherever necessary.

ADAO

(Name & Signature)

Dzongkhag Agriculture Officer

Name & Signature

DZONGDAG

Annexure IV: Monitoring and reporting form

MONITORING AND REPORTING FORMAT

Project details

Date of visit	:
Project title	:
Owners/group name	:
Location (village, gewog, dzongkhag)	:

Progress update

Commodity	:
Production (Kgs)	:
Income earned (Nu)	:
Others	:

General observation

Key issues and action

Monitoring Team:

- 1.
- 2.
- 3.

Submitted by:

(letter head to be inserted)

Annexure V: Technical clearance form (ARDCs)

TECHNICAL CLEARANCE/LETTER OF INTEREST

Name of the proponent:	CID No.:	Village:
Gewog:	Dzongkhag:	
Project value:	Project Location:	
Project Title:		
Relevance:	Yes [] or No []	
Technical feasibility:	Feasible [] or Not-feasible []	
Recommendation:	Recommended [] or Not Recommended []	

Based on the assessment of the reviewer's report, the proposal is hereby **approved/not approved** by the committee for **Business License/Land lease/Credit Services**.

The ARDC shall provide technical backstopping during implementation of projects wherever possible.

Focal Officer
(Name & Signature)

Program Officer
(Name & Signature)

PROGRAM DIRECTOR

(Letter head to be inserted)

Annexure VI: Technical clearance form (Department of Agriculture, HQ)

TECHNICAL CLEARANCE/LETTER OF INTEREST

Name of the proponent:	CID No.:	Village:
Gewog:	Dzongkhag:	
Project value:	Project Location:	
Project Title:		
Relevance:	Yes [] or No []	
Technical feasibility:	Feasible [] or Not-feasible []	
Recommendation:	Recommended [] or Not Recommended []	

Based on the assessment of the reviewer's report, the proposal is hereby **approved/not approved** by the committee for **Business License/Land lease/Credit Services**.

The Department of Agriculture shall provide technical backstopping during implementation of the projects wherever possible.

Focal Officer
(Name & Signature)

Chief (APD/ARED/AED)
(Name & Signature)

DIRECTOR

Technical working group:

1. Wangda Dukpa, Chief ARED
2. Tshetrim, Dy. Chief Horticulture Officer, APD
3. Tshering Wangchen, Dy. Chief Agriculture, ARED
4. Ngawang, Agriculture Officer, DoA

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