



**BHUTAN:**  
**Food Security and Agriculture  
Productivity Project (FSAPP)**

**OPERATIONS MANUAL  
(Revised 2018<sup>1</sup>)**

With Support from the World Bank



**June, 2017**

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Endorsed by the 3<sup>rd</sup> PSC at Haa on 30<sup>th</sup> August 2018 and approved by the project TTL, Dr. A. Adubi, World Bank via email dated 28<sup>th</sup> Nov. 2018



## **Abbreviations and Acronyms**

AFD:	Administration and Finance Division
AMC:	Agricultural Machinery Centre
AWPB:	Annual Work Planning and Budgeting
BCC:	Behavior Change Communication
BOQ:	Bill of Quantities
BTN:	Bhutanese Ngultrum
CA:	Competent Authority
CBO:	Community Based Organization
CDD:	Community Driven Development
CDO:	Community Development Organization
CQS:	Selection based on Consultants' Qualifications
DA:	Designated Account
DAMC:	Department of Agricultural Marketing and Cooperatives
DAO:	Dzongkhag Agriculture Officer
DNB:	Department of National Budget
DEC:	Dzongkhag Environment Committee
DFO:	Dzongkhag Forest Officer
DLO:	Dzongkhag Livestock Officer
DNP:	Department of National Property
DOA:	Department of Agriculture
DOFPS	Department of Forests and Park Service
DOL:	Department of Livestock
DOR:	Department of Roads
DPA:	Department of Public Accounts
DRDP:	Decentralized Rural Development Project
DT:	Dzongkhag Tshogdu
EA:	Extension Agents
EOI:	Expression of Interest
ETC:	Entity Tender Committee
FAO:	Food and Agriculture Organization of the United Nations
FBS:	Selection under a Fixed Budget
FIC:	Financing Item Code
FM:	Financial Management
FMS:	Financial Management System
FRR:	Financial Rules and Regulations
FSAPP:	Food Security and Agriculture Productivity Project
GAFFSP:	Global Agriculture and Food Security Program
GBFA:	Government Budget Fund Account
GEO	Gewog Extension Officer
GNH:	Gross National Happiness
GNHC:	Gross National Happiness Commission
GRM:	Grievance Redress Mechanism
GT:	Gewog Tshogde
HH:	Household
ICB:	International Competitive Bidding
IDA:	International Development Association
IFB:	Invitation for Bids
IUFR:	Interim Unaudited Financial Report

LC:	Letter of Credit
LCS:	Least Cost Selection
M&E:	Monitoring and Evaluation
MIS:	Management Information System
MoAF:	Ministry of Agriculture and Forests
MoF:	Ministry of Finance
MOU:	Memorandum of Understanding
MYRB:	Multi-Year Rolling Budget
NCB:	National Competitive Bidding
NEC:	National Environment Commission
NECS:	National Environment Commission Secretariat
NGO:	Non-Government Organization
NLC:	National Land Commission
NOC:	No Objection Certificate
NPPC:	National Plant Protection Centre
NSC:	National Seed Centre
NWFP:	Non-Wood Forest Product
OD:	Organizational Development Exercise
OGTP:	One-Gewog-Three-Products
OM:	Operation Manual
PAD:	Project Appraisal Document
PEMS:	Public Expenditure Management System
PFM:	Public Finance Management
PIA:	Project Implementation Agency
PIP:	Project Implementation Plan
PLC:	Project Letter of Credit
PM:	Person months
PMU:	Project Management Unit
PPD:	Policy and Planning Division
PRA:	Participatory Rural Appraisal
PSC:	Project Steering Committee
PST:	Project Support Team
QBS:	Quality Based Selection
RAA:	Royal Audit Authority
RDC:	Research and Development Centre
RFP:	Request for Proposal
RGBOB:	Royal Government of Bhutan
RNR:	Renewable Natural Resources
RRCDP:	Remote Rural Community Development Project
SBD:	Standard Bidding Document
SOE:	Statement of Expenses
TA:	Technical Assistance
TOR:	Terms of Reference
USD:	United States Dollar
WUA:	Water Users Association

#### **Bhutanese Terms**

Dzongdag	District Governor
Dzongkhag	District
Dzongkhag Tshogdu	District Development Council
Chiwog:	Village

Gewog:	Sub-district
Gewog Tshogde	Sub-district (Gewog) Development Council
Gup:	Elected Head of Gewog
Mangmi:	Elected Deputy Head of Gewog
Tshogpa:	Elected Village Head

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## **1. Project Overview**

The project supports the Royal Government of Bhutan's efforts to reduce rural poverty, food insecurity and high levels of malnutrition through climate smart agricultural interventions. The project expects to enhance agricultural productivity and increase farmers' access to local and export markets leading to achievement of food and nutrition security. The project seeks to address inter-connected problems faced by farmers and rural households through a set of integrated, consolidated, area-specific interventions that respond to local constraints, potentials and priorities. For this, the project adopts a multipronged approach: (i) focusing on the farmer as - the primary beneficiary and - lead player in food security, nutrition and commercialization of agriculture, (ii) productivity enhancement of food crops - rice, potato, vegetables, pulses and high-value crops – spices (especially large cardamom & ginger), vegetables, and citrus for improved food security and nutrition (Component 1), and (iii) linking farmers to agri-markets through a value chain approach (Component 2).

## **2. Purpose and Intent of Operations Manual**

### **2.1 Introduction**

The Royal Government of Bhutan (RGoB) intends to implement the Food Security and Agriculture Productivity Project (FSAPP), a Global Agriculture and Food Security Program (GAFSP) financed project that aims to increase agricultural productivity and enhance access to markets for farmers in selected Gewogs in south-west Bhutan. The FSAPP will be implemented in selected Gewogs of Bhutan's five south-western Dzongkhags of Chhukha, Dagana, Haa, Samtse and Sarpang.

The project will benefit approximately 10,400<sup>1</sup> beneficiaries through its integrated interventions. Taking a blanket coverage approach, the project will attempt to address the various needs of small and poor farmers that make up almost the entire population of the selected 24 Gewogs. In addition, through improved home-grown school feeding programs, the project aims to target 3,000 school children in 16 schools located in 11 Gewogs in 4 Dzongkhags.

### **2.2 Scope of Operations Manual**

This Operation Manual (OM) is intended to provide guidelines for the smooth and timely implementation of the project and the Project Implementation Plan (PIP) in conjunction with guidelines of RGoB and the World Bank.

The OM outlines operational guidelines and general procedures for activities to be carried out under the FSAPP. The document includes a brief description of the project, project components, institutional and organizational structure with terms of reference for its members, specific implementation strategies, social and environmental safeguard management methods, procurement methods, financial arrangements and methodologies, and monitoring and evaluation procedures. It applies to the functioning of the PSC, PMU, PST and all other project partners of the FSAPP. All stakeholders are encouraged to familiarize themselves with this manual.

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<sup>1</sup> The project aims to cover the entire rural population of the selected five Dzongkhags (roughly 10,400 households). 3000 school children are included in the total 10,400 HHs or 52,000 people covered under the project. They comprise approximately 6% of the total population of the project area.



### **2.3 Revision of Operations Manual**

The OM is meant to be a dynamic and living document with rooms for adjustment once the implementation has commenced based on changing ground realities and policies. The Project Steering Committee (PSC) set up at the national level to advise the project management may approve changes, revisions or supplement the procedures described in this Operation Manual with notification to the project stakeholders, particularly the Bank. Any update required will be made, preferably, before starting the preparation of Annual Work Planning and Budget (AWPB) for the following fiscal year and after obtaining no-objection from the World Bank. Any changes in the project operation should be noted and incorporated in the OM as implementation progresses.

## **3. Scope and Description of Project**

### **3.1 Food Security and Agriculture Productivity Context**

The agriculture sector in Bhutan provides livelihoods to 62.2% of the country's population and contributes 16% of the GDP and 4.3% of exports. Women constitute the majority of the work force in the agriculture sector. Regional disparities persist and poverty in rural areas at 16.7% is still significantly higher than in urban areas at 1.8%. Food security, employment, export earnings, poverty reduction and the welfare of rural people are all heavily influenced by the growth and development of RNR sector of which agriculture forms a major component.

Notwithstanding economic gains made under the 10<sup>th</sup> Five Year Plan (2008-2013), the sector's growth remained insufficient to adequately address poverty and attain food security. The Renewable Natural Resources (RNR) sector faces the recurring challenge of decreasing public investment, loss of agriculture land for other development, underdeveloped infrastructure such as irrigation and post-harvest storage, labor shortage, rural urban migration, human wildlife conflict, and inadequate credit opportunities. Approximately 23% of rural households report that some of their land is fallow; resulting in 26.3% of Bhutan's scarce agricultural land remaining unused.

Being a mountainous country, its rugged terrain is a fundamental constraint to growth and rural poverty reduction. Poor road access isolates a high proportion of rural people from markets and social services and limits livelihood to subsistence agriculture. Most of the areas that have reaped the benefits of improved access in response to the continued construction of rural roads and bridges in the past were in the central highlands, leaving out the more remote areas in the south and south-west with high poverty rates and out of mainstream development.

Poor farmers are much more vulnerable to labor shortages with 20% of farmers in the lowest quintile reporting this as their major constraint. Food production is negatively affected by the lack of irrigation water and quality seeds. Existing irrigation channels are inefficient and need rehabilitation. The amount of agriculture produce that is currently produced by the farmers is not enough for Bhutan's domestic consumption resulting in high annual imports. Income opportunities are further constrained by underdeveloped market infrastructure and access.

While not these constraints can be remedied easily, the problems caused by poor agricultural and natural resource management practices, market access, and inadequate irrigation can be resolved.

### **3.2 Legal and Policy Context**

The project will recognize RGoB's strong support to its decentralized policy to stimulate capacity for self-governance and self-action, and to reduce the expectation and reliance on central government. Except for some irrigation activities that will be executed centrally based on lessons learnt from the past projects where significant delays were experienced owing to lack of capacity at the local level, other interventions will be decentralized with implementation plans and budget kept at the local level. This aligns the project well with the Government Performance Management Systems (GPMS) which sets annual targets and budgets adequately at the local level. The project will further align with the recent Organizational Development (OD) exercise conducted by the Royal Civil Service Commission (RCSC) that recognized the Research and Development Centres (RDCs) as the centres of knowledge and technology generation for local rural development. RDCs bear the responsibility of technology generation and multiplication in farmers' field.

In line with the decentralization policy, the responsibility for planning and implementation of development activities will be based on the delegated responsibilities at the national, Dzongkhag and Gewog levels, coordinated by the RDCs and Project Management Unit (PMU).

### **3.3 Project Area**

This project focuses in five south-western districts of Chhukha, Dagana, Haa, Samtse and Sarpang. These were selected because they provide the best opportunities for agricultural commercialization of certain high value crops; and since infrastructure investments have already gone into these Dzongkhags under previous World Bank projects. A total of 24 Gewogs (of a total of 58 Gewogs in these five Dzongkhags) are identified because these areas are now primed to move on towards sustainable commercialization of agriculture. Further, joint selection criteria included the following: linkages to previous Bank (DRDP and RRCDP) supported interventions, cropping patterns, productive potential, overall production, cultivated land areas, ease of access in terms of road infrastructure, potential value chain development and market access.

### **3.4 Rationale for Bank support**

Although much has been achieved under the RGoB's 10<sup>th</sup> Five Year Plan period, challenges remain in achieving food security, poverty reduction, transformation of agriculture from subsistence to commercial farming, establishment of markets, and the efficient use of inputs. The proposed project intervention is aligned with the RGoB's 11<sup>th</sup> Five Year Plan (2013-2018). Under this 11<sup>th</sup> FYP, the MoAF seeks to achieve green economic growth, inclusive social development, poverty alleviation, and climate smart sustainable management and utilization of natural resources.

The proposed project is also well aligned with the Bank's and the WBG Bhutan Country Partnership Strategy (CPS) for the fiscal year 2015-19, which emphasizes that the commercialization of agriculture has been one of the key drivers towards overall poverty reduction. The Bank has invested significantly in supporting the agriculture sector to

enhance agricultural productivity through two projects – the Decentralized Rural Development Project (DRDP) and the Remote Rural Communities Development Project (RRCDP). There is now a need to scale up best practices and build on the gains made through these projects by adopting a more integrated and focused approach and to support the agriculture sector in Bhutan in taking the next step towards modernization, commercialization, and market development.

### **3.5 Project Development Objective and Components**

The proposed PDO is to increase agricultural productivity and enhance access to markets for selected Gewogs in south-west Bhutan. The achievement of the PDO will be measured by the following indicators: (a) increase in the productivity of targeted crops by at least 20 percent in project areas; (b) increase in both the volume and value of produce marketed by at least 20 percent; and (c) number of direct project beneficiaries, of which approximately 30 percent are women. The project has three components (C1, C2 and C3) as mentioned below and the details of these components are described in the PAD:

#### **C1: Strengthening Farmer and Producer Groups (USD 1.08 million)**

##### **C1.1: Farmers group strengthening and Formation**

- Group Formation(300 FGs)

##### **C1.2 Strengthening Producer groups (30 PGs)**

- Strengthening of 30 Producer groups

##### **C1.3: Contributing to Improved Nutrition**

- In-depth diagnostic of Behaviour Change Communication (BCC) and formulation of BCC strategy raising awareness about nutrition will be addressed through capacity building of FGs in conjunction with other training activities.
- Development of BCC materials to raise awareness for dietary diversity and nutrition among rural households, particularly women and adolescent girls. This will be during capacity building of FGs in conjunction with other training activities.
- Dissemination of information and materials together with facilitation of BCC through a network of Community Resource Persons (CRPs) as well as capacity development of CRPs and knowledge sharing for key stakeholders.

#### **C2: Enhancing Farmer Productivity (USD 5.21 mill)**

##### **C2.1 Water Use Efficiency**

- Establish four irrigation systems irrigating 1,346 acres (545 ha) of land
- Introduce appropriate technologies and cropping practices
- Develop additional 250 acres (100 ha) of land through provision of micro-irrigation (sprinkler, drip).
- Water users' capacity building and institutional support

##### **C2.2 Improved Farm Management and Technical and Institutional Capacity Building**

- Training of FGs and provision of technical assistance in response to their priority farming and production needs.
- Institutional strengthening support to Engineering Division, National Seed Center, and the National Post-Harvest Centre

### **C2.3 Improved Agri-Inputs and Technologies**

- Provide agri-inputs and farming technologies (small farm machineries and equipment, electric fencing, greenhouses, quality and disease-free seeds, and improved planting materials).

### **C3: Enhancing Access to Markets (USD 1.00 mill)**

#### **C3.1 Post-harvest and Market Infrastructure Support**

- Support to farm shops, exposure visits, food processing groups
- Training and exposure visits
- Market research, Lab testing for food composition and food safety;
- Provision of appropriate technologies, equipment and tools

#### **C3.2 Linkage to Domestic and Export Markets**

- Upgrade the current AgriMarket website and IVR system
- Facilitate knowledge and information exchange between producer groups, traders, exporters and key stakeholders
- Link exporters and trader with producers and intermediaries
- Enterprises for back and forth transportation of agriculture inputs and produce
- Promote cultivation of nutrient-rich foods and strengthen capacities to effectively diversify school meals
- Facilitate linkages between the producer groups and schools

### **C4: Project Management (USD 0.71m)**

- Management and Coordination
- Monitoring and Evaluation,
- Technical Assistance, and
- Grievance Redressal System

## **4. Project Governance and Institutional Arrangements**

Project planning, financial management, implementation and monitoring will be fully integrated within the regular systems of the RGOB.

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

A Project Steering Committee (PSC) will be established to provide overall guidance and oversight for implementation of the project. The PSC shall meet biannually to approve work plans, budgets and progress reports (refer Annex 1 for details)

The PSC will consist of the following members:

- Director of DoA, MoAF, Chair
- Representative, DAMC, MoAF
- Dasho Dzongdag, Chukha Dzongkhag Administration
- Dasho Dzongdag, Dagana Dzongkhag Administration
- Dasho Dzongdag, Haa, Dzongkhag Administration
- Dasho Dzongdag, Sarpang, Dzongkhag Administration
- Dasho Dzongdag, Samtsi, Dzongkhag Administration
- Director, Directorate Services, MoAF

- Representative, Gross National Happiness Commission (GNHC)
- Representative, Ministry of Finance
- Representative, Policy & Planning Division, MoAF
- Program Director/PST Coordinator, RNR RDC, Bajo
- Program Director/PST Coordinator, RNR RDC, Samtenling
- Program Director/PST Coordinator, RNR RDC, Yusipang
- Five beneficiary representatives (one from each Dzongkhag)
- Project Director of FSAPP, Member Secretary to the PSC

## 4.2 Project Management Unit (PMU)

The PMU is responsible for the day-to-day management of FSAPP and to steer successful implementation of the project (ToR in Annex 2). It is located at the head office of the DoA within the project space provided by the DoA. The PMU comprises of:

- Project Director (Full time MoAF staff; ToR in Annex 3)
- M&E/Knowledge Management Expert (Full time MoAF staff; ToR in Annex 4)
- Marketing Officer (Full time DAMC, ToR In Annex 12)
- Financial Management Expert (Full time MoAF staff; ToR in Annex 5)
- Procurement Expert (Full time, FAO TA, 24 PM; ToR in Annex 6)
- Environment and Social Safeguards/Gender Expert (Full time, FAO TA, 24 PM; ToR in Annex 7)
- Behaviour Change Communication Expert for Nutrition (Full time, FAO TA, 24 PM; ToR in Annex 8)
- School Agriculture and Nutrition Coordinator (Full time, FAO TA, 24 PM; - working on rotation among PSTs; ToR in Annex 9)
- Value Chain Development/Marketing Expert (Full time, FAO TA; 36 PM; ToR in Annex 10)
- Administrative Assistant (full time MoAF staff)

The following government personnel, excluding the contracted positions, were identified to function as the PMU for FSAPP:

PMU Positions	Name	Type	Financier
Project Director	Mr. Jigme Dorji	Full-time	Salary -RGOB Travels- Project
Finance Officer	Ms. Dechen Choden, AFD, MoAF		
Adm. Assistant	Ms. Kuenga Wangmo, PPD		
M & E Officer	Mr. Karma Tenzin		
Drivers	Mr. Jigme Wangchuk		

## 4.3 Project Support Team (PST)

The RDCs are the centre of knowledge and technology generation for rural development as they bear the responsibility of technology generation in farmers' field. This provides potentials of extending appropriate technical back-up to the project's field activities. The capacity development gained by the RDCs during the project can have long-term multiplier effect on extension of appropriate technical support to local level rural development even beyond the project period.

To coordinate the project activities at the regional level and to provide technical assistance to project activities in the field a Project Support Team (PST) will be established in the three RDCs of Bajo, Bhur, and Yusipang. The ToR for the PST is described in Annex 13. The Program Director of the concerned RDC shall be the PST Coordinator (ToR is described in Annex 11) and shall report to the Project Director. The PST will comprise the following staff:

- i. Irrigation/Infrastructure Engineer (Full RDC staff; ToR in Annex 13)
- ii. M&E /Knowledge Management Focal (50% time of RDC staff; ToR in Annex 14)
- iii. Accountant (50% time of RDC staff, ToR in Annex 15)
- iv. Procurement Focal (50% time of RDC staff, ToR in Annex 16)
- v. Environmental and Social Safeguards/Gender Focal (50% time of RDC Staff, ToR in Annex 17)
- vi. Marketing Officer (Existing DAMC Staff, Full time)

In addition, the PST will be supported by the following experts who will be based at the PMU and working among the PSTs on a rotation basis depending on the need of each PST.

- Environment and Social Safeguards/Gender Expert, who will extend technical support to the RDC staff who has the responsibility for Environment and Social Safeguards including gender (ToR in annex 7)
- School Agriculture and Nutrition Coordinator (ToR in Annex 9)
- Value Chain Development/Marketing Expert (ToR in Annex 10)
- RDC, Bhur will be assisted by TA from the PMU on strengthening its capacity to deliver demand based quality seeds and seedlings to the project areas.

At the PST, level a technical forum will be established to discuss coordination and technical issues faced at field level covering logistics, planning, budgeting, technical assistance, capacity and other aspects. The PST technical forum will include PST members, DAOs of the Project Dzongkhags and representative of local beneficiaries and other resource persons from PMU or the DoA. This forum will hold quarterly coordination meetings chaired by the Coordinator of the PST at the PST centre. The PST functions will be supported from the project funds.

The RDCs of Bajo, Bhur and Yusipang will function as PSTs for the project and support field activities in their concerned Dzongkhags and Gewogs. The spatial responsibility for each PST will be as follows (Detailed ToR for each PST is described in annex 11);

<b>RDC/PST</b>	<b>Dzongkhag coverage</b>	<b>Gewog Coverage</b>
PST, Bajo	Dagana	Drujeygang, Karna, Karmaling, LhamoiDzingkha, Nichula
	Samtsi	Dopuchen, Norboogang, Sang-NgagCholing, Tading, Tendruk
PST, Bhur	Sarpang	Gakidling, Shompangkha, Dekiling, Samtenling, Tareythang
	Chukha	Bongo, Dungna, Getana, Metakha, Samphelling
PST, Yusipang	Haa	Gakiling, Uesu, Samar, Sangbaykha

#### **4.4 Dzongkhag level arrangement and linkage with DT**

The Dzongkhag Agriculture Officer (DAO) will be responsible for FSAPP co-ordination functions at the Dzongkhag level (ToR in Annex 18) and will provide technical and coordination services to Gewog activities. It is through the DAO that the Gewogs shall link up with Dzongkhag, PST, PMU and concerned departments as may be necessary. The DAO will report to the Dzongdag who will be a member of the PSC while the DAO will be member to the quarterly technical forum of the PST.

After approval of the AWPB of the project by the PSC, the DAO shall submit the planned FSAPP interventions of the concerned Dzongkhag, through the Dzongdag, to the DT for, review and approval to be included in Dzongkhag Annual Work Plan and Budget. Budget releases for all the activities that are included in the Dzongkhag AWP and Budget will be made directly from the DPA to the Dzongkhags upon certification from the PMU and with copies to the concerned PSTs. For activities that spread across Dzongkhags and those which need to be led by the PST or departments, the releases will be made to either the department concerned or the PST concerned with copies to the PMU.

The Dzongkhag administration then monitors progress and achievements of FSAPP interventions, through its RGOB system of monitoring and process. However, in the case of FSAPP activities, reporting be routed through the PST based at the concerned RDC.

#### **4.5 Gewog Level Arrangements and linkage with GT**

The Gewog Agriculture Extension Officer (GAEO) will be responsible for FSAPP co-ordination functions at the Gewog level (in Annex 19) and will provide back-up to Chiwog activities. The GAEO will be the link between the Chiwogs and the Dzongkhag.

Budget releases for all the activities that are included in the Gewog AWP and Budget will be made directly from the DPA to the concerned Dzongkhags upon certification from the PMU and with copies to the concerned PSTs and Gewogs.

The GAEO then monitors and reports progress and achievements of FSAPP interventions, through its RGOB system of monitoring and process. Settlement of accounts shall be done at the Dzongkhag.

#### **4.6 Departmental Agencies**

The implementation of FSAPP activities in the field requires inter-departmental and collaboration for planning and managing the project interventions. The main FSAPP collaborating stakeholder departmental agencies and their specific project-linked responsibilities are given below.

##### **Department of Agricultural Marketing and Cooperatives (DAMC)**

- Facilitate the Gewog and Dzongkhag teams to identify various farmer and producer groups showing entrepreneurial promise in the project Gewogs
- Support in forming and working with 300 farmer groups in the 24 Gewogs including effective constitution, governance and operations together with the concerned DAOs and Gewog officials.

- Support the PST, Dzongkhags and Gewog staff to inform, disseminate, carry out social mobilizations and strengthening of the community capacity relevant to project activities;
- Enable and consolidate functional producer group clusters with effective constitution, governance and operation
- Enable producer groups in establishing partnerships with schools and accessing local markets to sell their produce, as needed.
- With support from the Value Chain Development/Marketing Expert, concerned DAO and Gewog staff, facilitate strengthening and re-orienting farmer groups towards an enterprise and business planning approach in quality seed production, improved cultivation, aligning the production with seasonal demand, nursery management, integrated pest management, soil fertility improvement, basic maintenance and operation of farm equipment.
- Inculcate, through the Extension officer, commercial farm management and business skills, especially production planning and supply to markets, schools and farm shops to the producer groups with technical support from the Value Chain Development/Marketing Expert.
- Develop marketing skills for effective engagement with upstream value chain actors and improved bargaining power for higher price realization.
- Strengthen local producer-consumer linkages (productive relationships with public and private market players, schools, and exporters).
- Support in collaboration with the AMC and FCBL in establishment of 5 farm shops as a pilot for commercially viable model enterprises.
- With the support from the Market Information System Expert, assess and upgrade the current AgriMarket website and IVR system into a user-friendly system. The DAMC will enable access through computer and mobile technology for information from local auction yards and distant markets to producers; and improve production planning and management of commodities
- Strengthen the capacity of the DAMC in the areas of market intelligence and information systems with assistance from relevant TA so that the DAMC can provide technical assistance for activities captured in Component 2 that will focus on linking producer organizations with school meal programmes to improve dietary diversity. It will also include: (i) strengthening of contractual arrangements between producer groups and schools, (ii) linking production calendars with seasonal school meal requirements, and (iii) training of school cooks.

**Agriculture Machinery Centre (AMC):**

- Since business functions (renting of farm machineries and services) of the Agriculture Machinery Centre (AMC) have been transferred to a newly established state owned enterprise Farm Machinery Corporation Limited (FMCL), there is no need for the project to finance the proposed Agriculture Service Sub Centers. The establishment of FMCL is expected to provide services for maintenance of equipment and machineries at the grassroots level. The AMC will now concentrate on: a) training, b) research and development, and c) recommendation of standards for importation of machineries and implements. The project will, however, on a cost-sharing basis, provide farm machineries and equipment to eligible farmers groups who will be selected based on an established criteria.
- Facilitate the supply of smaller farm machineries and equipment such as power tillers, mini threshers, reapers, ridgers, weeders, rice transplanters, seed/fertilizer dibblers, mulchers, balers etc. to the sub-service center and beyond depending on



demand.

- Training of Trainer courses for Agriculture Machinery Centre staff, extension agents and farmers on business management as well as on the operation and maintenance of machineries so that the AMC staff can train local community members and groups.

#### **Engineering Division, DoA**

- Facilitate establishment of four irrigation facilities covering a command area of 1346.33 acres (545 ha) of land for increase of cereals, potato, vegetables and oilseeds encouraging the planting of secondary and cash crops and introduction of appropriate technologies and cropping practices like intercropping and staggered cropping
- Establish high efficiency micro-irrigation (sprinkler, drip) in 250 acres (100 ha) of land for improved horticulture and cash crops.
- Facilitate formation/strengthening of 4 Water User Associations (WUAs) and about twenty (20) water user groups in improved agronomic practices, water use efficiency, and in the operation and maintenance of irrigation systems.
- Technical and capacity development opportunities for the project staff

#### **National Seed Centre, DoA**

- On a demand driven basis, make available quality rice, potato and vegetable seeds to farmers to expand their production in line with the DoA policy for seed supply to farmers.
- Procuring healthy planting materials of large cardamom from Sikkim-India for multiplication in government farms and supplying disease free large cardamom and citrus saplings to the farmers
- Enabling farmer groups in the production of large cardamom, potato and vegetable seeds/seedlings.
- Enabling the National Citrus Repository at Tsirang for making available citrus saplings at scale and for provision of technical support in farmer training
- Improve quality and availability of disease-free seedlings/saplings,

#### **National Post Harvest Centre, DoA**

- Assistance on post-harvest equipment and technology, food processing activities carried out by the Producer Groups/cooperatives

#### **Food Corporation of Bhutan Limited**

- In collaboration with the DAMC, support establishment of five farm shops as a pilot for commercially viable model enterprises to increase timely availability of quality agri-inputs to farmers and link small producers to agri-markets.
- Provide the necessary inputs and technical support to develop and operationalize these shops as commercially viable enterprises and to adopt it for the other farm shops set up by them.

#### **Ministry of Health – BHUs and Hospitals**

- The support of local Basic Health Units (BHUs) and hospital may be garnered to work on nutrition awareness materials, local awareness programs and related school feeding and general dietary diversification.

## **4.7 Technical Assistance**

All the technical expertise and institutional support pertaining to FSAPP will be provided through the FAO. A separate technical assistance document will be prepared by the FAO on the modality of engagement with FAO. All the technical positions indicated in the project to be hired through FAO will be coordinated between the PMU and FAO Bhutan office and as per the ToRs included in this OM. However, the ToRs in this OM are subject to revisions with approval from the PSC prior to recruitment of the consultants by the FAO.

## **5. Project Implementation**

### **5.1 Project Implementation Plan (PIP)**

The year wise PIP is given in Annex 23. It lists the main activities that project document identifies for each project component and indicates when these will take place. Before implementation, activities will be planned in detail and budgeted by the implementers (Gewogs, Dzongkhags, PST, DAMC and DOA programs/division, FCB, and PMU) for approval by the PSC and subsequently for incorporation in the respective AWP/B.

PIP activities and timing can be adjusted as details emerge. The PIP will be reviewed each year and revised as necessary as part of the PSAPP annual project review of progress and feedback from implementing staff.

### **5.2 Scope and Implementation of Components**

#### **5.2.1 Component 1: Strengthening Farmers and Producer Groups**

**Objective:** To strengthen farmers' groups (including nutrition), so they are better able to implement and sustain project interventions

**Scope:** Relevant skills, knowledge, practices, quality inputs and appropriate technologies.

**Approach:**

- Reach out to 10,400 farmer households through a saturation approach
- Strengthening and re-orientation of farm groups towards business enterprise models
- Consolidation of functional producer group clusters
- Raising awareness for dietary diversity and nutrition among farming communities, especially women of reproductive age, youth, and school children
- Development and implementation of a Behaviour Change communication and strategy
- Equal participation, representation and proactive involvement of women in decision making within farmer groups
- Development and facilitation of nutrition sensitive value chains for schools and local markets.
- Priority will be accorded to project staff in capacity building activities

**Main Implementation activities include:**

#### **C1.1: Group Formation and Producer Group Strengthening**

- (a) Group Formation and Strengthening by;
- Forming and working with 300 farmer groups in the 24 Gewogs. This will include informal farmer groups and does not necessarily require forming or working with 300 registered farmer groups.
  - Strengthening and re-orienting farmer groups towards an enterprise and business planning approach in quality seed production, improved cultivation, aligning the production with seasonal demand, nursery management, integrated pest management, soil fertility improvement, basic maintenance and operation of farm equipment
  - Capacity building of agriculture extension agents and district officials on disease management, vermin compost making, conservation farming and integrating nutrition concerns into the planning of agriculture production and in considering an enterprise approach in extension services.
  - Strengthen organizational capacity of farmer groups (existing and new) to plan, produce, market agriculture products; develop maintain and use community level infrastructure and resources.
  - ToT to DAMC and Extension on financial, economics and marketing aspect of farmer groups' products, nutrition elements. Also community resource persons who will continue to keep the expertise in the locality. This, overtime can become service providing enterprise locally
  - Review farmer group formation guidelines and processes from a business enterprise approach.
    - In capacity building, priority will be accorded to project staff
    - Of the 300 odd farmer groups, 30 promising producer groups will be supported to get into production and marketing as enterprise groups
    - Collaboration between DAMC and DOA is necessary in this
- (b) Producer Group Strengthening by;
- Strengthening Producer Groups - 1,000 small producers showing entrepreneurial promise organized into 300 odd farmer groups.
  - Of the 300 odd farmer groups, 30 promising producer groups will be supported to graduate into production and marketing enterprise groups in potential clusters.

### **C1.2 Nutrition Awareness**

- Creating awareness for dietary diversity and nutrition among farming communities, especially women of reproductive age
- Developing and implementing targeted behaviour change communication (BCC) strategy
- In-depth diagnosis, material development based on BCC analysis on what motivates people to change their dietary habits, the information to which they are receptive and the skills needed to act on nutrition messages.
- Community mobilization, participatory training, dissemination through network of Community Resource Persons and Lead Farmers, pictures, infographics, audio and text messaging, cooking demonstrations, discussion groups, and/or video
- Awareness for dietary diversity and nutrition among farming communities

### **5.2.2 Component2: Enhancing Farmer Productivity**

**Objective:** To improve agricultural productivity vital for improving food security and nutrition.

**Scope:** Climate smart agriculture through:

- Productivity enhancement of rice, vegetables, pulses, and potatoes for improved food security and nutrition
- Productivity of key high value crops such as spices (specifically large cardamom and ginger), vegetables, and citrus for local and export markets

**Approach:**

- Holistic and area-specific
- Integrated package of interventions based on relevant farming systems and specific crops appropriate to the priorities of the farmers, farming systems, and overall production potential in selected areas.
- Of the 300 odd farmer groups, 30 promising producer groups will be supported to get into production and marketing as enterprise groups in collaboration between DAMC and DOA is necessary in this
- Selection of beneficiaries and enterprises for project support to be based on clearly defined and institutionalized selection criteria (such as land holdings, enabling factor for achievement of project targets, location,). List of guidelines and criteria to be maintained at the PMU, PST and Project Gewogs.

**Main Implementation activities include:**

#### **C2.1: Enhanced Water Use Efficiency**

(a) Irrigation and Water Management

- Development of 4 irrigation facilities on 1346.33 acres (545 ha) of land
- Development of high efficiency micro-irrigation (sprinkler, drip) schemes for improved horticulture and cash crops on additional 250 acres (100 ha) of land
- Establishment of 4 Water User Associations (WUAs) and about 20 water user groups formed and strengthened in improved agronomic practices, water use efficiency, and in the operation and maintenance of irrigation systems

The Irrigation/Infrastructure engineer at PST in collaboration with the DAO, GEO and the Dzongkhag engineering sector will undertake feasibility study, data collection and site identification for potential irrigation development with active engagement of the concerned communities. Upon completion of the feasibility study, the concerned engineer will design and prepare drawings of the irrigation systems including preparation of cost estimates and bill of quantities for the feasible irrigation schemes including micro irrigation schemes. The technical and financial proposals for the same should be submitted, to the PMU for inclusion in the AWPB. The process of feasibility assessment and technical design will also take note of the ESMF guidance in planning the irrigation scheme. Upon approval by the PSC and inclusion on the AWPB, the same collaborators will prepare tender documents and submit the same to the PMU for central execution of the work.

Upon approval of the scheme by the PSC, the concerned PST and the DAO will ensure that activities related to the formation of WUA and its registration with the DAMC are included in the AWPB in consultation with the Farmer/producer group mobilization and

strengthening expert at PST.

All irrigation interventions should be completed within the first two years of project implementation to enable agriculture activities to take place beyond the second year period.

(b) Improved Agri-inputs and technologies

- Smaller farm machineries and equipment such as power tillers, mini threshers, reapers, ridgers, weeders, rice transplanters, seed/fertilizer dibblers, mulchers, balers etc
- Limited financial support to purchase machineries which would be rented out to farmers
- Matching grant funds available to farmer groups that have developed good business proposals to purchase farm machineries and become rental service providers
- ToT courses for AMC staff, extension agents and farmers on business management of the sub-centres as well as on the operation and maintenance of machineries

The ToT activities on operation and maintenance of machineries will be planned and included in the AWPB based on the distribution list.

- Electric Fencing:
  - Provide demand driven electric fencing to keep the animals off crop fields in consultation with the district agriculture extension officer. The demand based supply of electric fencing will be done with supply of fencing materials from the project. The beneficiary contribution will include fencing posts and labour. Priority will be accorded for community level demand.
  - Local materials and labour contribution from the beneficiaries while other materials will be supported from the project funds.
- Greenhouses type technologies:
  - Establish demand based plastic tunnel and plastic houses for both seasonal and off-season cultivation of vegetables, depending on the interest and demand. The support for green house type technologies will be provided to both farmer groups, individuals and for poverty alleviation/promotional program and for commercialization. The implementers should follow the Input support Guideline prepared by the DoA “*Inputs support & cost sharing modality for crop production & commercialization*” circulated by the PMU vide letter No. DoA/FSAPP/01/2017-2018/42 dated March 15, 2018 in accordance with the minutes of the 2<sup>nd</sup> PSC held on 27<sup>th</sup> February, 2018.
  - Agreement between the project and the beneficiary (individual or group) to be executed prior to affecting project support specifying minimum size of acres of land to be committed for cultivation of the specified crop for the project period.
  - Impact assessment of this activity to be done at the end of the FSAPP project
- Provision of Planting Material:
  - On a demand driven basis, make available quality rice, potato, quinoa and vegetable seeds to farmers to expand their production in line with the DOA policy for seed supply to farmers. Cost sharing mechanisms for cereals seeds, and basic inputs such as seeds and seedlings have not been popular.
  - For cardamom and citrus seedlings, the project will supply these seedlings

based on the Input support Guideline prepared by the DoA “*Inputs support & cost sharing modality for crop production & commercialization*” circulated by the PMU vide letter No. DoA/FSAPP/01/2017-2018/42 dated March 15, 2018 in accordance with the minutes of the 2<sup>nd</sup> PSC held on 27<sup>th</sup> February, 2018.

- Based on list of demand from the Gewogs, concerned Dzongkhag Agriculture sector will collect the beneficiary contribution and deposit in the bank account of NSC together with the project contribution as per the AWPB timeline. The Dzongkhag will accordingly collect the seedling materials from the NSC and arrange for distribution as per the AWPB.
- Improved Technologies:
  - Introduce climate smart practices and technologies to increase productivity of selected staple and high value crops based on availability of water, market, topography, altitude and farmer needs
  - Agricultural diversification
  - Plan seasonal crop calendars
  - Improve quality and availability of disease-free seedlings/saplings,
  - Soil conservation and improving soil fertility and nutrient management practices

## **C2.2: Improved Farm Management and Technical and Institutional Capacity Building**

(a) Institutional Support to:

- Support NSC in;
  - Procuring healthy planting materials (germplasm) of large cardamom from Sikkim-India for multiplication in government farms and supplying disease free large cardamom and citrus saplings to the farmers
  - Enabling farmer groups in the production of large cardamom, quinoa, potato and vegetable seeds/seedlings under the technical supervision of the NSC.
  - Enabling the National Citrus Repository at Tsirang for making available citrus saplings at scale and for provision of technical support in farmers training.
- Build capacity of the DoA’s Engineering Division;
  - Irrigation engineers on irrigation scheme design, costing, civil works and contract management, including high efficiency micro-irrigation through short term courses
  - Climate smart agriculture
  - The PMU will assess training and capacity needs of institutions and prepare training plans.

### **5.2.3 Component 3: Enhancing Access to Markets**

**Objective:** To promote value chains for select high value nutrient-rich crops and enhanced linkages to domestic and export markets.

**Scope:**

- Post-harvest markets, infrastructure, domestic and export market linkages

**Approach:**

- Organizing farmers into Producer Groups (PGs) for value additions and for improved knowledge, bargaining power and access to agri-markets and schools
- Strengthening local producer-consumer linkages (productive relationships with public and private market players, schools, and exporters).
- Commodity selection based on ‘One Gewog Three Product (OGTP)’ approach that focuses on top three commodities as per current production scale
- Strengthening export led value chains of commercial crops,
- Reduction in post-harvest losses,
- Nutrition sensitive value chains of select crops,
- Enhance producers’ knowledge, bargaining power and access to agri markets

### **Main Implementation Activities include:**

#### **C3.1 Post-harvest and Market Infrastructure Support**

- Support 5 farm shops as a pilot to develop commercially viable model enterprises for quality agri-inputs to farmers, link small producers to agri-markets as well as provide a buy back facility for select crops in collaboration with inputs and technical support from DAMC and FCBL. The implementation of these farm shops should be based on a business viability assessment.
- Training, exposure visits for lead farmers and community resource persons to provide technology services
- Capacity building of producer groups for commercial operation and equipment operation and maintenance for post-project sustainability.
- Support up to 5 food-processing groups for preparation, packaging and marketing of hygienically safe nutritious food to domestic market including cardamom driers. This support should be based on through resource assessment, economic and technical feasibility assessment and upon approval of a viable business plan. The process for assessment of accessing this support should provide confidence of success as business entities.
- Market research, training, exposure visits and skills enhancement in hygienically safe food preparation, packaging, labelling, pricing and marketing;
- Lab testing for food composition and food safety;
- Provision of appropriate technologies, equipment and tools in line with the matching grant policy of DoA.

#### **C3.2 Linkage to Domestic and Export Markets**

- Support to DAMC to assess and upgrade the current AgriMarket website and IVR system into a user-friendly agri-market information system through which producers and other stakeholders can easily access through computer and mobile technology
- Facilitate knowledge and information exchange between producer groups, traders, exporters and key stakeholders for maximizing foreign exchange returns
- Inform exporters about international trade practices, trade negotiation, etc. and link them with producers and intermediaries
- Support producers/individual members/youth to set up transport enterprises for back and forth transportation of agriculture inputs and produce from farm to market.
- Facilitate linkages between the producer groups and schools
- Assess commodity exchange marketing information system
- Linking producer groups and their products to school meal programs





## 5.2.4 Component 4: Project Management

**Objective:** To institute effective implementation arrangements so that the project implementation does not run into the problems, bottlenecks and delays

**Scope:** The project management will be placed strategically within the DoA with appropriate linkage with the local government entities and other departments within the MoAF.

**Approach:**

- Adequate management and technical expertise available to provide timely guidance, support and inputs to meet project implementation schedule, targets, outcomes and impacts
- Effective financial management and procurement systems and dedicated expertise available for timely disbursement and judicious use of project resources in line with the fiduciary requirements and standards

**Main Implementation activities include:**

(a) Management and Coordination

- Establishment of functioning PSC at the national level including representation from the project Dzongkhags
- Establishment of functional PMU at the DoA with required members/staff in place comprising of MoAF and contract staff.
- Establishment of functional PST at the identified RDCs for technical support and sub-regional level coordination with required members/staff in place comprising of RDC and contract staff.
- Ensuring adequate management and technical expertise are available for timely guidance, support and inputs to meet project implementation schedule, targets, outcomes and impacts
- Ensuring effective financial management and procurement systems with dedicated expertise for timely disbursement and judicious use of funds
- Establishment of necessary linkages and working relationships with DAMC, NSC, NPHC, AMC, the administrations of five project Dzongkhags and the project Gewogs

(b) Monitoring and Evaluation:

- Regular beneficiary feedback and systematic monitoring and reporting of the implementation progress against the project components and results framework with lead being taken by the project M&E Officer at the PMU.
- Facilitate baseline study
- Facilitate specific reviews - analysis and case studies;
- Facilitate Mid-term ~~and~~ evaluation
- Facilitate end of project evaluations

(c) Technical Assistance:

- Technical assistance and institutional strengthening support (worth USD1.15) through FAO covering;
  - In component 1 - training material development and TOT on farm business management; Nutrition awareness and capacity building for improved diet,

including BCC strategy formation and material development;

- In Component 2 - training on the designing of micro-irrigation systems; capacity building on WUA strengthening; technical training on citrus propagation and disease control; technical training on cardamom propagation, disease control and orchard management and training on new emerging technical areas of strategic importance and relevance to the project (such as adaptation to climate changes);
- In Component 3- training on post-harvest technologies, packaging, food processing and safety, targeting five PGs engaged in food processing business; upgrading of market information system; and support for the linkages between PGs and schools for improved school feeding.
- Grievance Redressal Mechanism (GRM):
  - An effective and easy to implement GRM will be setup to promote openness and transparency at the local level, increase project ownership, enable beneficiaries and stakeholders to share any concerns and suggestions and for concerned personnel to adequately respond to them. To the best possible extent, the GRM development shall be based on traditional community norms and practices.

### 5.3 Summary of Project costs and implementation arrangements

**Project components, their respective spending units, nature of expenditure and amounts allocated to each sub-component:**

Component/Sub-components	Nature of Expenditure	Implemented by	Amount (USD)
1.Strengthening Farmer and Producer Groups	TR, GO, CS, Op	DoA/DAMC/Dz/Ge	1,079,137
1.1 Group Formation and Producer Group Strengthening	TR, GO,CS,Op	DoA/DAMC/Dz	
1.2 Nutrition Awareness	TR, CS, Op	DoA/DAMC/Dz/Ge	
2.Enhancing Farmer Productivity	TR, GO, CW, CS, Op	DoA/RDC/Dz/Ge	5,209,365
2.1 Farm Services and Management	TR, GO, CW, CS, Op	DoA/RDC/Dz/Ge	
2.2 Improvement Management and Technical Capacity Building	TR, CS, GO, Op	DoA/DAMC/RDC/Dz/Ge	
3.Enhancing Access to Markets	TR, CW, CS, Op	DoA/RDC/DAMC/Dz/Ge	1,000,947
3.1 Post-harvest and Market Infrastructure	TR, CW, CS, Op	DoA/RDC/DAMC/Dz/Ge	
3.2 Linkage to Domestic and Export Markets	TR, CS, Op	DoA/RDC/DAMC/Dz/Ge	
4.Project Management	CS,GO, Op	PMU (DoA)/PST/Dz	1,794,490
<b>Total Project Cost</b>			<b>9,341,575</b>

GO-Goods, CW-Civil works, TR – Training and Capacity building, Op – Operating expenses, CS- Consulting Services, BCC – Beneficiary Contribution in-cash on cardamom, equipment etc, Dz-Dzongkhags, Ge - Gewogs- .

## 5.4 Beneficiary Cost sharing

### Summary of the beneficiary cost sharing under the Project:

Component	Amount (USD)	Total Amount (USD)	Principles of selection of beneficiaries	% of beneficiary contribution	Nature & description of beneficiary contribution
1.Strengthening Farmer and Producer Groups	-	1,079,137			
2.Enhancing Farmer Productivity	147,163	5,356,528	Efficiency in production; Willingness for market based and sustainable approach; Financial and technical feasibility and business viability	2.74	Cash/Labour
3.Enhancing Access to Markets	91,600	1,092,547	High value nutrient-rich crops and potential for enhanced linkages to domestic and export markets; OGTP approach; Reduction in post-harvest losses; Business viability assessment	8.38	Cash/Labour
4.Project Management	-	1,831,391			
Total	238,763	9,359,603		2.55	

### Activity wise details of Beneficiary contribution:

Component/ Sub-component	Activity	Implementing Agency	Percentage of beneficiary contribution	Nature (Cash / Kind)
2.Enhancing Farmer Productivity	Water use efficiency, improved farm management and technical capacity building, and enhanced agri-inputs and technologies	DoA	3%	Cash
Sub-component :	Support for greenhouses	DoA	20% from individual and group for commercial farming	Cash
	Cardamom seedlings	DoA	100 % for commercial	Cash

			farming	
	Citrus seedlings	DoA	20 % for commercial farming	cash
3.Enhancing Access to Markets	(i) Post-harvest and market infrastructure support (ii) Linkages to Domestic and Export Markets	DAMC/FCBL	8%	Cash

## 5.5 Planning and Budgeting Cycle

Participatory planning and decision making with communities is an essential requirement for all project intervention planning, implementation and monitoring. The planning process and outcomes will incorporate sensitivity to any potential negative environmental and social impacts of proposed project interventions.

The planning will be carried out within the Gewog, Dzongkhags and RDC institutional set-up following the planning and budgeting cycle of RGoB;

Allocation of project resources will be based on an agreed AWPB which:

- Reflects Gewog priorities within the project scope,
- Complies with the Project Appraisal Document
- Participatory planning process based interventions as defined in sections 5.5.1 and 5.5.2
- All activities and budget lines approved by the PSC will be submitted to the GTs and DTs and thereafter be incorporated into the RGOB AWP/B.

**Figure 1: RGOB Planning and Budgeting Cycle**

Annual Budgeting Cycle	Timeline										Responsible Agencies
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		
<b>1. Budget Preparation</b>											
1. Policy Guidelines											Cabinet
2. Forecasts of receipts & expenditures											MoF
3. Budget Call											MoF
4. Submission of budget proposals											All agencies
5. Budget Discussions											Agencies/DNB
6. Budget Report submission to Cabinet											MoF
<b>2. Budget Approval</b>											
7. Discussion of the Budget Report											Cabinet
8. Discussion & approval of the budget											National Assembly
<b>3. Budget execution - fund release</b>											
9. Budget notification											MoF
10. Release of funds											DPA
11. Implementation											All agencies

- All project activities in the regular AWP/B will be tagged by the project FIC code.

Activity Category	Release to	Code Tag	Endorsement by
Gewog Activities in Gewog Plan and Budget	Dzongkhag Account (LC)	Project FIC	GT, PST, PMU/PSC
Dzongkhag Activities in Dzongkhag Plan	Dzongkhag Account (LC)	Project FIC	DT, PST, PMU/PSC
PST Activities, RDC	RDC (LC)	Project FIC	PST, PMU/PSC
PMU Activities	PMU Account	PLC	PSC
Irrigation Procurement	PMU Account	PLC	Concerned DT, PST, PMU/PSC
5 Processing Units	PMU Account	PLC	DT, PST, PMU/PSC
5 Farm Shops	Dzongkhag Account (LC)	Project FIC	

**Figure 2: Project Planning and Budget Cycle**

Annual Budgeting Cycle	Timeline											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sen	Oct
1. PMU to circulates budget preparation & planning guidelines to implementing stakeholders & to Gewogs through the Dzongkhags with tentative allocation	■											
2. Each Gewogs prepares project WP/B through participatory processes, compatible with FSAPP criteria and complying with RGoB AWP/B norms.	■	■										
3. Submission of Gewog project WP/B to Dzongkhags & Dzongkhags level WP/B preparation based on Gewog, WP/B compatible with FSAPP criteria and complying with RGoB AWP/B norms.		■										
4. Submission of Dzongkhags Plans to RDC and RDC collates the WP/B with PST plan.			■									
5. Departmental level WP/B preparation			■									
6. RDC level collated WP/B preparation and submission to PMU. PMU reviews and collates overall project WP/B.			■									
7. PSC takes place & approval of WP/B				■								
8. PMU circulates approved WP/Budget to all implementers				■								
9. Implementers integrate project WP & budget in the RGoB AWP/B through the concerned DT				■								
10. Budget Discussions at DNB					■							
11. Collation of final WP/B by PMU post budget discussions and circulates to implementers						■						
12. Budget release							■					
12.1. Implementers seek fund release with copy of release request to PMU. PMU sends confirmation note to DPA								■				
12.2. DPA releases funds to implementers with FIC code									■			
13. Progress reporting		■			■			■			■	

### 5.5.1 Participatory Planning Process

Most of the project activities at the Chiwog/Farm Group level are expected to be defined through a participatory action planning process.

Depending on the nature of activities, the project activities can be planned at Farmer Group level, at Chiwog level (for those that bear impact across households or farmer groups), Gewog (for those that bear impact across Chiwogs), Dzongkhags (for those bear impact across Gewogs) or PST level (for those that bear impact across Dzongkhag). Activities can also be planned at the Departmental level (DAMC and DOA) or divisional/program levels (AMC, FCBL, NSC, NPHC).

Whatever level the project activities are planned, a participatory approach is expected either in planning or implementation to build community or stakeholder participation and ownership of the project activities. It will represent an inclusive process of integrated, multi-sectoral, area-based, and decentralized planning approach.

The inclusive process at community level will include all community groups with the Geog RNR extension staff, Geog Administrative Officer, Regional Engineering Staff (as relevant) and Gup and Mangmi, taking relevant roles in facilitating the planning process.

The participatory planning process is also expected to build complementarities and coordination between the various components and activities of the project at the Chiwog and Geog levels so that activities are better coordinated, cost-effective and avoids overlaps and duplication of efforts. The planning will be carried out within the geog and Dzongkhags institutional set-up as described in section 4 of this document and ToRs.

### 5.5.2 Steps in Planning Process

Steps	Actions	Team	Support by	Process	Output
1	Prioritize Chiwogs based on Chiwog selection	GAEO, Tshogpa, GewogAdm, Gup	DAO	Stakeholder consultation	
2	Assess Chiwog level Situation	GAEO, Tshogpa, GewogAdm, Gup, PST	PST	Stakeholder consultation and local statistics	Community assets, practices, infrastructure, livelihood capacities, problems, potentials.
3	Define Activities within the Chiwogs based on Problems and potentials at different levels (Chiwog, Geowg, Dzongkhag and national) & FSAPP project document	GAEO, Tshogpa, GewogAdm, Gup, PST	PST	Stakeholder consultation	List of activities (infrastructure development, training, production, processing, marketing, nutrition)

4	Identify courses of action based on technical & regulatory frameworks, Prodoc, Cooperatives rules, PIP, OM, NIP, etc	GAEO, Tshogpa, GewogAdm, Gup, PST	PST	Technical consultation	Course of actions to be taken to implement the activities
5	Prepare Gewog level plan based on Planning/budgeting guideline from PMU	GAEO, Tshogpa, GewogAdm, Gup, PST	PST	Technical consultation	Gewog level AWP and budget
6	Collate Gewog plans at Dzongkhag level	GAEO, DAO, Gups		Technical consultation	Dzongkha FSAPP WP and budget
	Selection of Farm Shops	Concerned individual/Farmer Group, GAEO, DAO, FCBL, Gups, PST	PMU, DAMC	Feasibility Assessment	Business Plan and investment plan for Farm Shops
	Selection of Processing Centers	Concerned individual/Farmer Group, GAEO, DAO, FCBL, Gups, PST	PMU, DAMC	Feasibility and Business Viability	Business Plan and investment plan for Processing Plan

## 5.6 Implementation Strategies

- Specific activities will be implemented based on the AWPB prepared, budgeted and agreed with concerned implementing entities through participatory planning processes (5.3.1)
- Implementing entities should implement project activities through co-ordination (stakeholder meetings). Activities may be implemented directly by the implementing entities or through contracting out the activities as per the AWPB and procurement plan.
- Local and international consultancies required to undertake specific activities/services as indicated in AWPB will be contracted by the FAO based on communication from the PMU.
- The central agencies will provide technical backstopping to the activities on the ground in co-ordination with the PMU and PST.
- Each project Gewog, Dzongkhag, PST and the PMU are responsible for:
  - Consolidating work plans and budgets originating from chiwogs at the Gewog level;
  - Consolidating work plans and budgets originating from Gewogs at the Dzongkhag level;
  - Consolidating work plans and budgets originating from Dzongkhags at the PST level and the PMU for consolidating work plans and budgets originating from the PSTs

- Receiving and disbursing funds related to the specific activities as per QWPB;
  - Supporting implementation of project activities as agreed in the workplan
  - Monitoring project activities following RGoB and FSAPP procedures;
  - Submitting timely progress reports, including financial reports, to the PMU or the next higher level.
- The terms of reference of various persons and bodies are outlined in the annexes of this OM.

## **5.7 Use of ICT and Communication management**

Although a major documents and official communications will be maintained for records purpose, significant amount of communications and follow ups will be done through emails, phones and facsimile messages. Regular M&E reports and financial progresses need to zipped or scanned and emailed to the M&E officer and Accounts officer at PMU regularly through email.

In keeping with the government's policy of going paperless or e-governance, FSAPP management and project partners should adopt a system of using internet as well as social apps to update and communicate frequently on project implementation, follow up and reporting. This will help save or reduce use of papers ultimately helping the environment with lesser trees being cut for making paper. The existing DAMC managed market information system (the AgriMarket website and IVR system) will be upgraded into a user-friendly agri-market information system which producers and other stakeholders can easily access through computer and mobile technology. It will include market information from local auction yards and distant markets.

## **5.8 Risk Management**

Environmental and social risks that are of importance are clearly spelt in the ESMF document. So long as the procedures established there in accordance with RGoB and WB's requirements are followed, and Environmental and Social Management Plans are implemented and monitored rigorously, these unintended risks could be avoided or mitigated.

Financial: Delays in budget release may be experienced if the procedures are not clearly established from the beginning of the project and made aware to all project partners involved in execution of FSAPP. If PMU and PST do not follow up stringently AWPB process could get delayed. Additionally, if line of activity budgeting, release and reporting are not clearly established and followed up strictly, funds could be released for activities not planned or without PMU or PST's knowledge directly from DPA & DNB.

Procurement: Delays as experienced in the erstwhile bank supported projects particularly that of RRCDP may be experienced. These delays will need to be taken care by having all the technical survey, design and estimates ready prior to project launch. Further implementation of irrigation sub-project is to be centralized to avoid delay by Dzongkhags owing to capacity issue and time, as was the case in RRCDP. Additionally, in FSAPP there is going to be procurement plan developed in advance vis-a-vis a market survey. The



procurement process should ensure value for money and transparency by following the procurement process and plan as well. as.

Health risks: Some physical health risks may be involved in surveying for the irrigation activities which could be avoided by having a colleague for oversight and wearing protective gears. Use of protective gears as is usually practised should be mandatory while handling pesticides and chemicals as part of vegetable and orchard management. Other procurements are such as poly houses, seeds & seedlings, farmers' trainings etc already have established system and procedure in the MoAF.

Quality assurance and M&E: To ensure quality of the works as well as the goods supplied and check workmanship, a frequent monitoring should be conducted from PMU as well as the PST.

Additionally, the following risks the PAD identified need to be adhered to as per the mitigation measures as indicated:

Local government capacity and resource constraints: Local government support, especially at the Dzongkhag and Gewog levels are envisaged. The project will need to allocate adequate project resources to guide and support local governments and train key local government staff assigned to the project.

Price instability could lead to the loss of assets and incomes for project beneficiaries: These will need to be mitigated by increasing agricultural productivity, reducing pre and post-harvest losses, adding value, increasing shelf life, adopting climate smart agriculture technologies, improving information and knowledge of price fluctuations in the market, and improving access to agri- markets. The project will enhance producers' capacity to withstand such risks, inter alia, through product diversification through project interventions.

The proposed project may impinge on existing activities funded by other donor agencies: This will be viewed as complimentary and will strive to enhance such complementarities to increase impact jointly. The RGoB has already instituted mechanisms to harmonize development partners' assistance in the RNR sector. Active awareness building and communications actions will be undertaken to ensure understanding of the project at all levels. The project will liaise with and complement other projects, to the extent feasible.

Coordination and synergies across project activities: It is speculated that due to the organizational structure within MoAF and the wide geographical coverage of the project, it might result in coordination and synergy issues across project activities. The PMU at the central level and three Project Support Teams housed in the RDCs will effectively coordinate and liaise across different departments, divisions, units, and other entities.

Private sector crowding out by public institutions: It is speculated government support for state owned enterprises like AMC and FCBL may crowd out smaller firms wishing to grow and may stifle private investment. State owned enterprises are set up in Bhutan in areas where private sector does not dare to invest owing to the minuscule market. Anytime a private sector sets up a similar enterprise, the government will support and withdraw from engaging in similar activities. A clear delineation of the roles and responsibilities of the public versus private sector will be set out from the beginning and efforts will be made

throughout the project, in all relevant activities and at all levels to engage, involve, and facilitate the very nascent private sector of Bhutan so that both the public sector (that is, the MoAF) and private sector better understand and appreciate each other's role and contribution in promoting food security, nutrition, and commercialization of agriculture.

## **6. Monitoring, Reporting and Evaluation**

The PMU will be responsible for overall coordination of monitoring and evaluation activities related to the project. A full-time M&E Officer at the PMU will facilitate the M&E process including collection of project specific data at all levels and across all components of the project.

The PMU will be supported by the M&E focal officer at the PSTs established at RDCs in collection of project specific data. The overall M&E will follow the project M&E plan developed by the project management at DoA.

### **6.1 Objectives**

The objectives of the M&E will be to:

- Measure inputs, processes, activities, outcomes, and results indicators
- Provide information on project progress and to facilitate reporting to the RGoB and World Bank
- Inform the management on actual or potential issues in implementation to allow introduction of timely interventions.
- Determine whether project beneficiaries are responding as expected and intended by the project and
- Provide a process whereby PST can reflect and improve their performances.

The Monitoring and Evaluation (M&E) system of the project would consist of the following broad components, namely:

- Progress monitoring of project inputs and outputs
- Performance monitoring of farmers groups and/or cooperatives, technologies introduced and project processes
- Internal learning, feedback and social accountability measures, and
- Mid-Term Review and final Impact Evaluation (IE) upon completion

To enable accurate measurement of the project indicators, the PMU will develop monitoring and evaluation procedures involving project implementation partners which will be shared with PSTs and Dzongkhag Agriculture Offices for regular use in reporting progress to the PMU through PSTs. Data collected through such an approach is essential to measure such project specific indicators at Dzongkhag and regional levels before being consolidated at the PMU level. The data thus collected will reflect number of sustainably operating interventions, number of households with improved inputs (seeds & technology), number of farmers benefitting from farm mechanization schemes, and have access to marketing infrastructures, number of beneficiaries trained (staff as well as farmers) on nutritional aspects, number of farmer groups linked to school feeding programs and similar institutions such as but not limited to Dratshangs.

Progress reporting will comprise of bi-annual progress reports; regular reporting of progress to the Steering Committee

The detailed monitoring framework and indicators to measure project outcomes or indicators is provided in Annex 23.

## 6.2 Progress Monitoring

Progress reporting will comprise of the following;

- Quarterly Progress Reporting to the PMU by the PSTs which should include progress on the following indicators;
  - Number of beneficiaries receiving technical trainings and other capacity building support
  - Procurement of goods and works.
  - Environmental and Social Safeguards compliance
  - Grievances management
- Biannual Progress Reporting to the PSC by the PMU which should include progress on all result indicators as per the reporting schedule in the table for monitoring arrangements (Annex 24).
- A comprehensive Annual Progress Report to the PSC and World Bank by the PMU which should include progress on the following project development objective indicators;
  - Increases in productivity of targeted crops<sup>2</sup> in the project areas leading to an increase of at least 20 % by the end of the project period.
  - Increase in both volume and value of marketed produce leading up to an increase of at least 20 % by the end of the project.
  - Number of project beneficiaries of which 30% are women.

## 6.3 Project Evaluation

Project evaluation will comprise of the following;

- Mid Term Review conducted by an independent firm including a technical audit and a beneficiary assessment. The mid-term review will ascertain project performance and implementation status to determine the need for any restructuring and changes in the project design and/or implementation arrangements.
- Impact Evaluation (IE) upon completion including a household food and nutrition survey in year five. The IE will be based on a rapid (non-experimental) impact evaluation to measure project impact in key areas, including household income, food security, and nutrition of the beneficiaries.
- A detailed baseline survey to be conducted at the beginning of the project on the project indicators would form the baseline and basis of the progress measurement towards the targets. An independent firm hired by the project will carry out this baseline survey. The baseline should, amongst others, include including household income, food security, and nutrition of the beneficiaries, which will be evaluated at the end of the project.
- Both the mid-term and end of project period should show a project beneficiaries satisfaction level of at least 50% of the total number of beneficiaries based on Beneficiary Satisfaction Surveys

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<sup>2</sup> Rice, Vegetables, Potatoes, Large Cardamom, Citrus.

## **7. Environment and Social Safeguard Management**

The environmental and social approach emphasizes early consideration of environmental as well as social risks and factors, avoidance of higher risks, and value-addition to the sub-projects by timely social and environmental inputs and mitigation measures. Hence, social and environmental assessment and clearance steps and processes/procedures are closely linked with overall project steps, processes and procedures.

### **7.1 Management of Environment and Social Impacts**

As most of the project interventions do no major civil works, serious environmental and social impacts are not expected. The ESMF recommends categorization of schemes/sub-projects based on their intended impacts and level of Environmental Assessment (EA) to be needed: (i) schemes that do not require an EA, (ii) schemes that require to develop Environmental and Social Code of Practices (ESCoPs) through an Environmental and Social Screening (ESS) and (iii) schemes that need to develop an Environmental and Social Management Plan (ESMP) through an Initial Environment and Social Examination (IESE). Irrigation subprojects will fall under category-III and need to obtain clearance from the competent authority. As described in the ESMF Gender and Vulnerable Communities Development Plan (GVCDP) and Land Acquisition and Rehabilitation Plan (LARP) to address the potential impacts or risks identified during environmental and social screening of the sub-projects will also be prepared.

For this, the PMU should facilitate screening, scoping (including formulation of draft ToR), baseline data collection, conduct ESS/IESE, and writing report including developing the ESCoP/ESMP/GVCDP/LARP for the FSAPP sub-projects as detailed out in the ESMF. Upon availing of the Environmental clearances and approval of ESMPs for the sub-projects, the PMU should monitor and report on the status of the implementation of the ESMPs as well as LARP and GVCDP.

#### **Screening categories and screening tools**

The screening categories include Environmental and Social Screening, required to guide implementing agencies in carrying out appropriate assessment of environmental and social impacts, planning and implementing necessary environmental and social mitigation measures for the projects activities during the implementation phase, in compliance with relevant WB safeguards policies and national regulatory requirements in Bhutan and to identifying and managing environmental and social risks that could be associated with a proposed project.

The Environmental and Social Screening and Assessment should follow Step 1 to Step 5 under Section 2.3 and for Environmental and Social Screening Tools, Annex 1A to Annex 6 under Section 3.1 of the Environmental and Social Screening Procedures Guidelines, 2013 should be used.

#### **Environmental Clearance Procedure**

Annexure 2 of the Regulation for Environment Clearance (EC) contains a list of activities not requiring EC. Many of the activities of the FSAPP therefore could fall within this list of activities not requiring obtaining EC. It can be determined in the screening process of the subproject activities. As of now, irrigation construction is the only subproject activity that is definite requiring obtaining EC.

In accordance to the Annexure 2 of the Regulations for EC, Department of Agriculture is the competent authority (CA) for issuance of EC for; a) irrigation channels, and b) activities related to agriculture research and development. It is however worthwhile to caution here that according to Section 37 of the EAA, when the applicant is a CA, NECS will assume the role of the CA to issue EC. As such, it will be advisable for the beneficiary Dzongkhag/Geog to assume the responsibility of EC applicants so that the DoA can be the CA to issue EC. For many minor activities, Dzongkhag Environment Committee (DEC) also can be the CA to issue EC. In such a case, the beneficiary Geog has to assume the responsibility of the CA. This is all to expedite the EC issuing process and implement the subproject activities on time.

**Reporting:**

A simple database will be established to document the findings of the impact screening and assessment. This database should include an inventory of impacts, a census of the affected households, socio-economic and demographic profile of the affected households. This process will also identify vulnerable households among the affected.

The environmental and social screening report (along with the prefeasibility/feasibility) will be sent to the PMT. PMT will review the report for technical soundness and costs in view of possible funding support, and if selected for funding, PMT will recommend DEC for preparing a Detailed Project Proposal (for subprojects which requires DPR) and for subproject which does not require DPR may be approved for funding. DPR is actually a proponent's responsibility. However, as community lack capacity, DEC will prepare DPR on behalf of the community. At this stage, subproject proponent needs to prepare detailed Environmental and Social Information (ESIs) as required by the Bhutan environmental law, if the subproject does not fall in the exempted category. As the community lack capacity, they need to be supported in preparing the ESI, and this could be best done by DEC prior to the DPR. The ESI contains a simplified version of Site EMP, and all required NOCs. The ESI feedbacks and recommendations needs to be incorporated into the DPR, and thus help internalize the subproject's environmental factors and adding value to the subproject.

## **7.2 Grievance Redressal Management (GRM)**

Any social issue on grievances will be verified at the geog level by the gup. The poorest of the poor grievance issues are put up to Ministry of Home and Cultural Affairs by the Dzongkhag, which get forwarded to the His Majesty's Secretariat for compensation. The project will rely on these existing systems for addressing grievance from the project. However, to make the grievance redress process more systematic, but still working within traditional community norms and practices, aggrieved parties will follow following steps.

- Any complaining parties will submit a formal complaint to the Tshogpa of the Chiwog for consideration;
- If it cannot be resolved within the jurisdiction of the Tshogpa of the Chiwog, the grievance case will be submitted to the GT. The GT will review the grievance case and call a public hearing;
- Where the complainant does not agree with the recommendation of the public hearing, he or she can file the case with the Dzongkhag Administration for review and intervention. The Dzongkhag Administration will review the case and make recommendations to resolve the case;

- If necessary, the Dzongkhag Administration will forward the case to PMU at DoA for review and resolutions;
- The complainant can always file his or her case in court at any time where the case will be reviewed and settled.

Any appeals to the above mentioned committees will be recorded in a register, identifying the name of the aggrieved party, date of grievance registered, nature of grievance, and measures suggested to address the grievance, including escalating resolution of the grievance to MoAF or RGOB for recourse through traditional judicial practices, and date of grievance redress.

## **8. Procurement and Financial Management**

### **8.1 Procurement Management**

Procurement will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”, dated July 1, 2016. Procurement activities under FSAPP will be carried out at different levels including PMU, PST and Dzongkhags. The PMU will be responsible for overall coordination and major procurement at the national level. The tendering process of major procurements will be carried out centrally by the PMU for selection of contractors/suppliers. Once the project is approved by the Bank, each implementing entity would designate one staff as the person responsible for handling the project-related procurement activities. Procurement Expert at the PMU will be hired on contract prior to project launch. At the PSTs procurement focal will be responsible for procurement works. Procurement for the proposed project would be carried out in accordance with the provisions of the:

- World Bank Procurement Regulations for Borrowers under Investment Project Financing to provide lot of flexibility to ensure fit for purpose and value for money and
- The FSAPP’s “Project Procurement Strategy for Development (PPSD)”

Based on concept and flexibility of the Bank’s New Procurement Framework, where applicable life cycle costing, rated criteria (such as past performance, bidder’s capacity, environment and social), negotiation, key performance indicators on contract performance will be included in the bidding document. As part of preparation of the PPSD, a market analysis will be carried out for the major procurement activities such as the Irrigation works to obtain information on the capacity of bidders in the market and to come up with realistic evaluation criteria. As per the New Procurement Framework, NCB and ICB methods will not exist and hence the Project can limit the tender to National bidders if the national capacity is there. For bid evaluation, with support from the Bank, rated criteria will be used which could include some of the criteria existing in the RGoB Point Based System. Negotiations will be allowed for high price bids and as per negotiation tools provided in the PPSD. Bidder awareness training will also be carried out to familiarize the bidders with the new concepts.

MoAF has finalized a Procurement Plan for the whole project and this has been approved in STEP (Systemic Tracking of Exchange in Procurement) on July 29, 2016. MoAF/PMU will update the procurement plan in agreement with the WB annually or as required to reflect project implementation needs and improvements in institutional capacity. All procurement under the project must be carried out as per the Procurement Plan of FSAPP where the different procurement methods or consultant selection methods, the need for initial selection

/pre-qualification, estimated costs, prior review requirements and time frame are specified. For goods and works the implementing agency (IA) submits invitation for bid, bidding document, bid evaluation and contract through STEP for Bank no objection. In case of consultancy IA submits request for expressions of interest, shortlist report, request for proposal, draft negotiated contract and signed contract through STEP for Bank no objection.

The Project's Procurement staff, under the overall supervision of the Project Director will be responsible for all major procurements. A few low-value decentralized procurement will be carried out by the three RCDs, the Dzongkhags or the concerned Gewogs following RGoB's procurement procedures and guidelines. The PMU will initiate advance procurement action based on the approved PPSD.

The key risk concerns inadequate procurement capacity, particularly in Bank's procedures by staff at all levels including PMU, PST and Dzongkhag/Gewog level. Therefore, adequate training to develop procurement capacity will be necessary at all levels involved in procurement activities. The training needs will be assessed at periodical intervals and necessary training will be provided by the Bank's Designated Procurement Specialist and/or at specialised institutes such as the one at Turin, Italy. Description of the Procurement Management for FSAPP is presented in Annex 22.

## **8.2 Financial Management**

The project will be implemented using the existing financial management systems of the RGoB. The project will be budgeted at 5 Dzongkhags, 3 RDCs, DoA (PMU) and DAMC under a separate Financing Item Code (FIC) within the overall budget of DoA under a separate Financing Item Code (FIC). The activity/sub-activity codes will allow for all project-related expenditures to be separately identified, accounted and reported in the Public Expenditure Management System (PEMS) reports as well as in the interim unaudited financial reports (IUFs).

Accounting for project expenditures will be maintained on cash basis under PEMS and no separate project level accounting will be required. The prevailing rules of RGoB i.e. Financial Rules and Regulations (2016) will apply to all project expenditures. The accounting and financial reporting functions will be managed by the project's Finance Officer at central PMU level and by the accounts focal persons comprising of existing accounts officers at the PST, Dzongkhags and at Gewog levels.

The project Finance Officer has the primary responsibility of: (i) routing all fund requests to the Department of Public Accounts (DPA) and tracking the fund releases (ii) reconciling all accounts and (iii) coordinating with Accountants at PST, Dzongkhags and Geog levels to advise them on the project financial management arrangements (iv) obtain expenditure details from accountants at Dzongkhags and Geog (v) preparing and submitting half yearly consolidated interim financial reports.

Project funds will be deposited in advance into the Designated Account denominated in Ngultrum (local currency) to be opened at the Bank of Bhutan. Based on the requests from the implementing partners through the PMU, the DPA in the MoF will release funds to the account of respective implementing partners with FIC of FSAPP. The Project Finance Officer will consolidate the information and prepare IUFs. The IUFs will provide information on expenditure made in the previous two quarters, beneficiary contribution (if any) and forecast for three subsequent quarters. Half yearly disbursements would be made



based on these financial reports, providing funds for three subsequent quarters after adjustment for past disbursements.

The Internal Auditor of respective implementing agencies will review project activities of each of the spending unit at least once every financial year but the internal audit reports will be issued on a six-month basis. These reports should be shared with the External Auditors on regular basis and shared with the Bank during project review/supervision.

Annual project financial statements will be audited each year by the Royal Audit Authority (RAA) as per the standard Terms of Reference agreed for the Bank financed projects. The DoA (PMU) will be responsible for submitting the project financial statements to RAA within 3 months of end of each financial year. Thereafter, the audited financial statements will be submitted by DoA to the Bank within 6 months from the end of financial year. The Financial Management Framework is described in Annex 21.

All documents related to the Project are promptly furnished to the World Bank upon its request, in such detail as the World Bank shall reasonably request. All records evidencing expenditure under the Project are retained until at least (i) two years after the Closing date; or (ii) if the World Bank requires audits of the Recipient's Financial Statement pursuant to Section 2.07 (b) below, the later of: (A) one year after the World Bank has received the audited Financial Statement covering the period during which the last withdrawal from the Grant Account was made; and (B) two years after the Closing Date.

## **9. Human Resources Management**

Priority areas for project-supported training include:

- Technical capacity building on strengthening farmer/producer groups formation
- Awareness and behavior change in dietary diversity and habits
- Production technologies on commodities promoted by the project
- Postharvest management and food processing
- Operation and management of equipment/infrastructure promoted through the project
- Irrigation and water management
- Orchard management
- Exposure visits
- Marketing and market information management
- Social mobilization
- Gender sensitization
- Sensitization on issues related to Environmental and Social Management Framework

The project will:

- Prepare an HRD strategy for FSAPP that identifies the workload, workforce and
- Competencies required for smooth implementation of the project activities
- Conduct a training needs assessment at farmer groups, Gewog, Dzongkhag, RDC and central levels for participatory planning, implementing, monitoring and evaluating of project activities
- Match training needs with training opportunities (in-country, ex-country, courses, workshops, seminars, study tours and conferences) using consultancy inputs or through in-house national expertise;
- Prepare a detailed and specific training plan based on training needs

- Notify project stakeholders of available courses for the given period through the annual planning guideline
- Screen nominated candidates against known criteria e.g. appropriateness to present job responsibilities; relevancy to the project activities and outputs; Royal Civil Service Commission (RCSC) training rules;
- Select training institutes for candidates considering availability, affordability and utility of the courses offered;
- Provide the training candidate with a stipend and other benefits during the training as per the training rules and regulations.
- Expect trained staff to work in their professional specialty for twice their training duration or a minimum of 1 year, whichever is longer, to ensure that the training contributes to project activities.

## 10. Annexes

### **Annex 1: Terms of Reference for Project Steering Committee**

The Project Steering Committee (PSC) will be responsible for providing overall guidance and oversight for implementation of the project. The PSC will consist of the following members:

- Director, DoA, MoAF, Chair
- Representative, DAMC, MoAF
- Dasho Dzongdag, Chukha Dzongkhag Administration
- Dasho Dzongdag, Dagana Dzongkhag Administration
- Dasho Dzongdag, Haa Dzongkhag Administration
- Dasho Dzongdag, Sarpang Dzongkhag Administration
- Dasho Dzongdag, Samtse Dzongkhag Administration
- Director, Directorate Services, MoAF
- Representative, Gross National Happiness Commission (GNHC)
- Representative, Ministry of Finance,
- Representative, Policy & Planning Division
- Program Director/PST Coordinator, RNR RDC, Bajo
- Program Director/PST Coordinator, RNR RDC, Samtenling
- Program Director/PST Coordinator, RNR RDC, Yusipang
- Five beneficiary representatives (one from each Dzongkhag)
- Project Director of FSAPP, Member Secretary to the PSC

Resource persons that may attend the PSC meetings include Consultants, PMU/PST officials, FAO representative and other agency representatives depending on the nature of agenda.

#### **The specific tasks of the PSC are as follows:**

- Provide overall policy guidance and direction to the project management
- Monitor the overall project in accordance with the project and project documents
- Approve annual work plans and budgets.
- Review and approve annual and half-yearly progress reports and financial statements.
- Approve proposed budget revisions and re-appropriation within the budget framework of the FSAPP Project Document.
- Approve revision of job descriptions of consultants where necessary
- Assess the annual audit and ensure follow-up on recommendations.
- Approve the use of short-term contact staff based on the TORs and ensure that the full potential for collaboration and synergy between the FSAPP components and RGOB programs is explored.
- Approval of timing and ToR for the review missions

#### **Norms of the PSC**

- The PSC shall be held semi-annually.
- The PMU may call for PSC meetings with minimum two weeks' notice by forwarding all documents and issues for the PSC meeting along with a draft agenda and venue of the PSC meeting two weeks in advance.
- PSC will be held in the project Dzongkhags on a rotational basis

## **Annex 2: Terms of Reference for PMU**

The PMU shall be established at the Department of Agriculture (DoA), Thimphu and has the overall responsibility to steer successful implementation of the project. The PMU is responsible for the day-to-day management of FSAPP

The PMU comprises of:

- Project Director
- M&E Officer
- Finance Officer
- Procurement Officer
- Communication & Knowledge Management Coordinator
- Reference for Safeguards/Gender Expert
- Food Security/nutrition/behavioural change Expert
- Administrative Assistant

### **The specific tasks of the PMU are as follows:**

- Provide overall governance and direction to the project-implementing partners, namely, the DAMC, RDCs, participating Dzongkhags and involved stakeholders.
- Provide strategic and operational level guidance and support to the project staff for the achievement of the PDO, outcomes and outputs;
- Regularly monitor and analyse the overall and component specific implementation progress, budget and expenditures, and address any issues, bottlenecks and gaps to ensure that project implementation progress is on track;
- Conduct a capacity needs assessment of project staff and provide requisite knowledge, management skills, exposure visits, and specific thematic/technical training;
- Establish a robust M&E System, including baseline surveys, mid-term assessment, and end of project evaluation;
- Strengthen project communication and knowledge management as well as document, collate and disseminate project experiences and learning; and
- Support studies, reviews and policy analysis that would contribute to the long-term agriculture, food security and nutrition policy of the country.
- Ensure that project activities are aligned with the respective national sectoral plans and projects,
- Coordinate, screen and present the amalgamated annual plan and budget of the project to the Project Steering Committee (PSC).
- Coordinate with relevant divisions & departments of MoAF, ministries, partners and stakeholders to seek necessary support and assistance for the project.
- Ensure compliance to fiduciary and environmental and social management framework of FSAPP.

### **Annex 3: Terms of Reference for National Project Director**

The Project Director will be responsible for the general management and strategic direction of the project in collaboration with the PMU team, PST team, Dzongkhag and Gewog Coordinators. The Project Director will ensure regular coordination with PST or RDCs, Dzongkhag administration, DT and the GT and Gup. The Project Director will with advice from the Administrative and Finance Division (AFD) and PST coordinators and the Field Coordinators oversee the establishment of efficient administrative, financial and technical management procedures to serve national, Dzongkhag and Gewog implementation needs.

Thus, the Project Director will oversee the establishment of efficient administrative, financial and technical management procedures to enable achievement of all project deliverables and process outputs at the national, regional and Dzongkhags level implementation needs.

The Project Director will work full time on the project and be supported by dedicated project team at PMU and PST. The remuneration of the Project Director will be supported by RGOB while his/her travel costs will be met from the project funds.

- The Project Director will take responsibility of informing all stakeholders at central and local levels of project inception.
- Be Member Secretary to the PSC
- Facilitate preparation, conduct of and follow up actions of the PSC meetings
- The Project Director will be responsible for day-to-day management of the project, facilitating timely budget release, implementation, monitoring and progress reporting.
- Be responsible with the Finance Officer for the disbursement of project funds to implementing entities as detailed out in the project document.
- Project Director will be the member secretary to PSC and cater to the work with Dzongkhag administration and consolidation of lessons learnt and their presentation to central level policy bodies.
- Oversee the work of PMU team including project accounts personnel, procurement officer, M&E officer, Gender and safeguard officer including all short and long term short and long term consultants of FSAPP.
- Establish the FSAPP Monitoring System and ensure that all the indicators of the project are well on track and meets the requirements of the project result framework and is aligned with the RGOB progress reporting including the Planning and Monitoring System (PlaMS) of Gross National Happiness Commission, Multi Year Rolling Budget (MYRB) of Department of National Budget, and Public Expenditure Management System (PEMS) of Department of Public Accounts, Ministry of Finance.
- Ensure compliance with Environmental and Social Management Framework.
- The Project Director and the PMU team will consult PST on preparation of Annual Work Planning Forms for FSAPP which will enable decentralized planning at Gewog level which will be pulled at Dzongkhag, PST and finally consolidated at PMU level.
- Oversee with PMU team and PSTs the preparation of management reports (inception, revision of Operational Manual, progress reporting, and terminal reports)
- Ensure that the planning and monitoring forms are in place to enable collection of relevant baseline information as well as to facilitate annual planning at Gewog, Dzongkhags, RDC and departmental levels.

- Oversee the preparation and timely submission of management reports to the PSC and to the World Bank (inception, revision of Operational Manual, semi-annual progress reporting, midterm report and end of project report).
- Submit reports and analyses to PSC regularly
- Ensure smooth flow of communication with target Gewogs, Dzongkhags, RDCs and departments through concerned focal persons of the project.
- Call monthly meetings of the Project Management Team to review project progress, resolve management issues and facilitate coordination amongst different stakeholders.
- Facilitate the selection process for national consultants and contract staff, and training candidates
- Provide technical inputs to the FAO in the selection process for consultants when required.
- Ensure that the procurement of centrally procured goods and services are done as and distributed as per the procurement plan.
- Facilitate arrangement of training arrangements
- Manage the appointment and provide necessary support to international and national consultants required by the project.
- Assume responsibility for performance of all aspects of the Project Implementation Plan.
- Establish and maintain with PSTs effective coordination with other agencies and organizations at the national level and at Dzongkhag and Geog level
- Facilitate collaboration and coordination with the World Bank, including guiding supporting Bank implementation support missions, as appropriate.

#### **Annex 4: Behaviour Change Communication Specialist (PMU)**

The Specialist will take the overall responsibility for implementation of and coordination for BCC related activities under FSAPP. The position will be for one to two years on a full time basis. S/he will:

- 1) Familiarize her/himself with past, ongoing, and planned awareness-raising campaigns or Behaviour Change Communication (BCC) activities as well as key actors, especially from health, agriculture or education;
- 2) Design a participatory formative research process such as ‘Trials for Improved Practices’ (TIPs), which will inform the design of both the BCC/nutrition education and agricultural programme components to ensure that they meet the needs of local communities, are culturally-appropriate and recommended practices are feasible and acceptable; organize and lead the field survey with the support of a national NGO; use findings (also from other assessments as further described below) to draft a report to be published on nutrition BCC in Bhutan;
- 3) Conduct assessments including Knowledge, Attitudes and Practices (KAP) assessment of selected farming households (at baseline, mid-term and at end), dietary intake (or at least diet quality, with for example the Women's Dietary Diversity Score) and collect and analyse data describing locally available foods, dietary habits, and patterns of seasonal availability as well as cost. Collaborate with Home-grown School Feeding Specialist to design a single methodology;
- 4) With technical support provided by FAO and based on the BCC study findings as well as TIPs, design a nutrition behaviour change strategy for the FSAPP (providing scope and timeline for the development and dissemination of materials);
- 5) With contracted expertise, support the development of a series of BCC materials for different target groups (e.g. farmer groups, mother groups, adolescents, school children etc.), such as customized charts of diversified food plate, promotional campaigns, seasonal recipe booklet, information communication technology materials e.g. development of videos in collaboration with Digital Green. These should be piloted and revised before further dissemination (through TIPs) as well as platforms and activities for sustainable skill and capacity building;
- 6) Liaise frequently with School Agriculture and Nutrition Coordinator to ensure coherence of activities and share lessons;
- 7) Coordinate closely with line Ministries (especially Ministry of Agriculture, Health and Education) as well as FAO and WFP and other agencies/Non-Profit Organizations on nutrition related matters;
- 8) Organize call for Community Resource Persons and coordinate and lead training workshops for CRPs. Regularly develop and update BCC material packages for CRPs;
- 9) Visit communities with CRPs and join participatory cooking and tasting sessions, awareness raising campaigns, as well as video screenings to constantly assess usefulness of materials and their application;
- 10) Partake and organize training and exposure visits for BCC ‘champion’ CRPs.
- 11) Regularly collect lessons learned on uptake and dissemination of BCC materials/messages to design more relevant materials and scale-up. Capture frequency and quality of BCC sessions including factors that help or hinder uptake;

- 12) Organize a national workshop to share lessons, materials, and create national awareness across sectors/stakeholders. This should lay the foundation for future scaling-up.
- 13) Assist the M&E specialist in the PMU to ensure all indicators relevant to BCC are captured in the project M&E system, and relevant data is collected and analysed;
- 14) Review the progress of all BCC related activities, and prepare regular reports for submission to Project Director; and
- 15) Complete and submit on time any other tasks assigned by supervisors.



### **Annex 5: Terms of Reference for Finance Management Expert of PMU**

The Finance Officer of PMU will be a full time post at the PMU, Thimphu on secondment from MoAF. The remuneration of the Project Financial Management Expert will be supported by RGOB while his/her travel costs will be met from the project funds. The Finance Officer shall report directly to the Project Director. The responsibilities of the Finance Officer shall include;

- Ensures that adequate financial controls are in place to maintain propriety and proper accountability of expenditures.
- Liaise with DADM, DPA, DNB, MoA accounts officer, PST, Dzongkhag and Gewog Finance Officers and Assistants for budget releases and to submit budget release requests with adequate advance notification.
- Ensure that financial and budget allocations are in line with the allocations per component/subcomponents described in the project document.
- Ensure the financial transactions are properly authorized, recorded, have adequate supporting documentation, filled, maintained and can be easily extracted for the purpose of preparing financial statements and financial audits.
- Route all fund requests through the Department of Public Accounts (DPA) and ensure tracking of all the fund releases
- Coordinate with accountants focal persons at the PST, Dzongkhag and Gewog levels to advise them on the project financial management arrangements and reconcile all accounts
- Obtain expenditure details from accountants at PST, Dzongkhag and Gewog for preparing and submitting quarterly consolidated interim financial reports to the Project Director for further submission to the Bank.
- Monitor budgets and expenditures and contribute to preparation of budget revision.
- Prepare and submits timely and reliable project financial reports, statement and submit to Project Director for clearance as required. Maintain financial records, prepare timely reports, submit monthly (and quarterly) expenditure reports to the Project Director for circulation;
- Check budget lines to ensure that all transactions are booked to the correct budget lines.
- Liaising with auditors to ensure annual monitoring is carried out
- Be responsible for any financial tasks related to organization of conferences, workshops, trainings and workshops at the PMU level and procurement.
- Reports to the project director for any task related to the project.
- Carry out any other financial assignments as requested by the Project Director.
- Ensure that all correspondence are routed through the Project Director for his/her information and review.
- Conducts all other duties as requested by the Project Director and necessary for the smooth running of the project.
- Ensure timely submission of internal and external audit reports to the Bank.
- Ensure timely resolution of audit paras from internal and external audit.

#### **Annex 6: Terms of Reference for Procurement Expert (PMU)**

Procurement Expert at the PMU shall be a full time contract officer working at PMU for two years. S/he will be responsible for carrying out the following functions:

- 1) Help PMU and PSTs in preparation of global procurement plan at the beginning of the project;
- 2) To help PMU and PSTs in preparation of annual procurement plans and apprise PMU to seek the Bank's approval based on whether the procurement requires pre or post review by the Bank;
- 3) Identify procurement activities and types of services under the project in connection with the work program and annual budget;
- 4) Guide and support procurement activities carried out by the PMU, PST, and the Dzongkhag, Gewog and local communities;
- 5) To develop and refine the Procurement Chapter for the Operational Manual covering the procurement policies, procedures and standard documents in order minimize costs and ensure a scheduled procedure for carrying out procurement activities in line with the RGoB and World Bank;
- 6) Maintain a database on the procurement actions, standard and sample bidding documents and other sources required to project participants under different components;
- 7) Collaborate with focal engineer at PMU especially in terms of bid documents and evaluation in terms of procurement of works;
- 8) Coordinate with focal engineer and organize bid opening, evaluation and award committees in consonance with RGoB procedures;
- 9) To negotiate and prepare standard bidding packages and specifications, to evaluate, to enter into contracts, to oversee delivery, to issue invoices, to inspect/test procured items to make payments to suppliers/contractors;
- 10) Coordinate with the PMU Accountant to develop and introduce payment mechanisms and procedures for procurement of goods, technical assistance and works;
- 11) Oversee and coordinate (with relevant Dzongkhag and Gewog Administration) procurement by local communities;
- 12) Prepare relevant procurement plans and reports as required by the World Bank and RGOB; and
- 13) To receive and inventories, and update regularly, all the goods received and issued to individuals for record and make it available for auditing purposes.
- 14) Complete and submit on time any other tasks assigned by the supervisor.

### **Annex 7: Terms of Reference for Environmental and Social Safeguards Expert**

The Environmental Safeguards Expert, preferably with the post-graduation specialization in environmental engineering/science, shall have at least 10 years of working experience related to preparation or EA, integration of environment and social issues in the design, implementation and operation of irrigation and agriculture projects. He/she will be responsible for ensuring compliance with the ESMF and where applicable to the ESMP process and implementation. Specifically, he/she will:

1. Lead the environmental safeguard related activities in the project;
2. Ensure inclusion of cost in the Category 2 and 3 activities for ensuring environmental safeguard;
3. Monitor and review the screening process and endorse;
4. Conduct regular field visit;
5. Ensure inclusion of EMP and its cost in bidding document, wherever applicable;
6. Ensure activities in the negative list is not supported;
7. Develop good practice in agricultural activities, market development to assist the farmers and relevant stakeholders;
8. Carry out environmental monitoring to ensure compliance with the EMP & RGoB requirements.
9. Prepare and submit regular environmental monitoring and implementation progress reports and ensure half yearly environmental monitoring report is being shared with the Bank;
10. Continuously interact with the implementing agency regarding the implementation of the environmental compliance;
11. Prepare training material, training plan at multi-level and conduct the training;
12. Ensure that impacts on structures requiring relocation, local public infrastructure such as irrigation system, loss of crops and trees are avoided or minimized.
13. Ensure appropriate safety gears are provided to provide protection and avoid hazards including health to personnel engaged as well to public.
14. Ensure that project ESMF is followed to address relevant social issues during the project design and implementation, in compliance with relevant RGoB and World Bank policies.
15. Ensure that the vulnerable groups/sections of the society, including households with members with disability, widowed and/or women headed households, the poor and shy, and youth are included to benefit from project interventions.
16. Ensure that social impacts as land taking or relocation are best avoided but minimized where unavoidable and appropriately restituted or compensated.
17. Ensure that the program design and implementation follows a participatory and inclusive process to ensure that the most needy and vulnerable households equally benefit from the project.
18. Ensure that social impacts mitigation processes and activities mentioned in the project ESMF are followed to address relevant social issues during the project design and implementation, in compliance with relevant RGoB and World Bank policies.
19. Develop a mechanism whereby beneficiary communities participate at various phases of the project and share project related information and provide a feedback mechanism for these communities to voice their concerns and issues and address these concerns during project implementation.
20. Ensure that project affected people/communities are made fully aware of the principles and guidelines used for project impact mitigation.

21. Involve affected communities in planning and implementing subproject, for preparation of subproject Social Action Plans based on detailed consultations with affected people and other stakeholders with due consideration to gender balance.

### **Annex 8: ToR for Behavioral Change Communication Expert for Nutrition**

The Behaviour Change Communication Expert for Nutrition is a contract position at PMU arranged through the FAO. The consultant will be recruited initially for two years on a full time basis to prepare and manage BCC strategy and activities. The Expert would be based in Thimphu at the PMU to regularly liaise with WFP, FAO, Ministry of Health and Education and other stakeholders. His/her role will include;

1. Carrying out in-depth diagnosis within the project areas on what motivates people to change their dietary habits, the information to which they are receptive and the skills needed to act on nutrition messages;
2. Designing a nutrition sensitive BCC intervention strategy and programs for FSAPP including appropriate communication materials and programs to bring about behaviour change such as customized chart of diversified food plate, promotional campaigns, seasonal recipe booklet, including use of ICT e.g. development of BCC videos in collaboration with Digital Green;
3. Conducting BCC analysis/study to inform development of BCC activities/materials and to identify bottlenecks and catalysers for dietary diversification among various population groups;
4. Facilitating planning and implementation, monitoring and reporting on nutrition and behaviour change;
5. Creating awareness for dietary diversity and nutrition among farming communities, especially women of reproductive age;
6. Community mobilization, participatory training, dissemination through network of Community Resource Persons (CRPs) and Lead Farmers, pictures, infographics, audio and text messaging, cooking demonstrations, discussion groups, and/or video;
7. Organizing call for CRPs and coordinate and lead CRP training workshops
8. Piloting materials through CRP network including recipes through cooking demonstrations, awareness raising materials and campaigns, as well as video screenings;
9. Partaking and organize training and exposure visits for BCC ‘champion’ CRPs
10. Supporting in establishment of 5 food processing groups for preparation, packaging and marketing of hygienically safe nutritious food to domestic markets;
11. Facilitating and testing of ingredients and cooked food for food composition and food safety;
12. Facilitating or delivering appropriate training and support to staff with a view to building up capacity across Gewogs, Dzongkhags and PST to integrate nutrition in their regular development planning process;
13. Enabling schools to improve school menus based on the crop calendar to help the producer groups plan supplies accordingly,
14. Training school cooks to make use of seasonal foods and increase nutrient retention, and
15. Arranging exposure visits to successful home-grown school feeding programs.
16. Collect lessons learned on uptake and dissemination of BCC materials

**Annex 9: Terms of Reference for School Agriculture and Nutrition Coordinator (RDC)**

School Agriculture and Nutrition Coordinator will take the overall responsibility for implementation of and coordination for FSAPP activities related to school meal program under Component 3. The position is full time for two years.

His/her tasks will include:

- 1) Undertake stocktaking of past, ongoing, and planned home-grown school meal/feeding initiatives as well as key stakeholders, especially from health, agriculture and education. Gather lessons from 'Trials for Improved Practices' (TIPs) such as those piloted by FAO;
- 2) Undertake a stocktaking of school menus at all schools covered by the project;
- 3) Design and, with the help of local researchers, conduct assessments including Knowledge, Attitudes and Practices (KAP) assessment of selected farming households (at baseline, mid-term and at end), dietary intake (or at least Dietary Diversity Score) and collect and analyse data describing locally available foods, dietary habits, and patterns of seasonal availability as well as cost. Collaborate with Behaviour Change Communication Specialist to design a single methodology and compile findings;
- 4) Support the improvement and implementation of national school meal standards with the Ministry of Health. Develop and improve a set of school menus and recipes by region or altitude based on the locally available seasonal crops that comply with national standards;
- 5) Complement farmer group trainings provided by the project to strengthen capacities of groups to link with schools, engaging principals and other school staff. Facilitate contractual arrangements between groups and schools. In the contract, ensure that the margin for the farmer and seasonal quantities supplied/needed by institutions are specified. In some situations, a representative from the producer organization may take responsibility for the procurement of all perishable goods, irrespective of local cultivation to ensure strong linkage with school;
- 6) Monitor contractual arrangements so that they can be refined regularly. Travel frequently to the four Dzongkhags to meet with school administrators, students and farmer's groups. Visit communities and schools to assess effectiveness of linkages and areas of improvement/scaling-up;
- 7) Organize training for cooks on the uses of seasonal foods and value of a diverse food plate, food storage, food processing, procurement, recipes, safety etc., and building on WFP's yearly training, which will be phased out in 2016. BAFRA, School Agriculture Program coordinators, and hotel cooks can be invited for cooking demonstrations. Evaluate the effectiveness of these trainings and cooking demonstrations;
- 8) Provide capacity building support to participating schools with a view to enabling them to manage own school feeding programme on sustainable basis through the development of internal mechanisms for sourcing foods, developing menus and monitoring children's nutrition status;
- 9) Travel frequently to Thimphu to liaise with the project team, nutrition behaviour change communication expert, and development partners/Ministries;

- 10) Organize and facilitate exposure visit for home grown school feeding ‘champions’ such as school principal, non-formal education instructors, teachers, community leader or religious head.
- 11) Organize a national workshop to share lessons, materials, and create national awareness across sectors/stakeholders. This should lay the foundation for future scaling-up and commitment.
- 12) Assist the M&E specialist in the PMU to ensure all indicators relevant to school feeding are captured in the project M&E system, and relevant data is collected and analysed; and
- 13) Review the progress of all school feeding related activities, and prepare regular reports for submission to Project Director.
- 14) Complete and submit on time any other tasks assigned by the supervisor.

**Annex 10: Terms of Reference for Marketing/Value Chain Specialist (PMU)**

The Marketing/Value Chain Specialist is a contract position at PMU arranged by FAO. The consultant will be responsible for implementation of and coordination for FSAPP activities under Component 3. The consultant will liaise and work with PSTs as required. The position is for two to three years under TA-FSAPP. More specifically, s/he will:

- 1) Support Gewog and Dzongkhag officials in preparation of FSAPP project activities of all project Dzongkhags and Gewogs;
- 2) Visit project Gewogs and Dzongkhags, guide local team in collection of primary and secondary data for formulation farmer groups based agribusiness and marketing;
- 3) Arrange workshops on agriculture based enterprise development and agribusiness for farmer groups and local officials to strengthen and re-orient farmer groups towards an enterprise and business planning approach in quality seed production, improved cultivation, aligning the production with seasonal demand, nursery management, integrated pest management, soil fertility improvement, basic maintenance and operation of farm equipment.
- 4) Develop marketing skills of famer groups for effective engagement with upstream value chain actors and improved bargaining power for higher price realization
- 5) Strengthen commercial farm management and business skills, production planning and supply to markets, schools and farm shops;
- 6) Inform exporters about international trade practices, trade negotiation, etc. and link them with producers and intermediaries.
- 7) In collaboration with the Nutrition Expert, enable 5 food processing groups (at least one in each Dzongkhag) in preparation, packaging and marketing of hygienically safe nutritious food to domestic markets.
- 8) Facilitate the Gewogs and Dzongkhags to include enterprise and business planning approach in the Chiwog and Gewog level planning process for the project.
- 9) Liaise with PMU, PST, Dzongkhags, Gewogs and relevant departments and guide line concerned officers on undertaking specific activities, like trainings, meetings of agri-entrepreneurs, farmer groups and help them identify, explore agribusiness potential in the project areas; and
- 10) Report on targets and achievements to the Project Director

In addition, as Team Leader for TA-FSAPP, s/he will undertake the following tasks:

- 11) Take the overall responsibility for coordination, monitoring and reporting of all activities under TA-FSAPP, including the preparation of the terminal report;
- 12) Work closely with FAO office in Bhutan and Lead Technical Officer (LTO) located in Bangkok to ensure timely TA inputs to the project and quality implementation of all TA activities;



### **Annex 11: Terms of Reference for PST**

To coordinate the project activities at the regional level and to provide technical assistance to project activities in the field a Project Support Team (PST) will be established in the three RDCs at Bajo, Samtenling, and Yusipang. The Program Director of the concerned RDC shall be the PST Coordinator and shall report to the Project Director. The PST will comprise of the following staff:

- Irrigation/Infrastructure Engineer
- M&E and Knowledge Management Focal
- Accountant
- Procurement Focal
- Environmental and Social Safeguards Focal

The PST of Bajo shall be responsible for Dagana Dzongkhag and for five Gewogs of Drujeygang, Karna, Karmaling, LhamoiDzingkha, Nichula. The PST of Samtenling shall be responsible for Samtsi and Sarpang Dzongkhags. The Gewogs that this PST is responsible are:

Samtsi Dzongkhag (5 Gewogs)	Dorpuchen, Norboogang, Sang-NgagCholing, Tading, Tendruk
Sarpang Dzongkhag (5 Gewogs)	Gakidling, Shompangkha, Dekiling, Samtenling, Tareythang

The PST of Yusipang shall be responsible for Haa and Chukha Dzongkhags. The Gewogs that this PST is responsible are:

Haa Dzongkhag (4 Gewogs)	Gakiling, Usue, Samar, Sangbaykha
Chukha Dzongkhag (5 Gewogs)	Bongo, Dungna, Getana, Metakha, Samphelling

#### **The specific tasks of the PST are as follows:**

The PST shall Work closely with the project staff in Dzongkhags and Gewogs for successful project implementation of the project. It will have the following specific responsibilities;

1. Provide physical space and institutional platform for the location and coordination of PST functions.
2. Enable local level planning, implementation, reporting and collate at the sub-regional level
3. Support the Dzongkhags and Gewogs in project planning and budgeting process and help farmers prioritize village-based investments based on their individual and collective needs, and the capacity of the land and natural resources to sustain such investments.
4. Guide, manage, coordinate, facilitate, provide technical inputs and back up and ensure successful project implementation in the designated Dzongkhags and Gewogs.
5. Support the Dzongkhags in drafting and preparing Annual Work Plans and Budgets for FSAPP that will cater to the requirements sectoral planning at Chiwog and Gewog level.
6. Coordinate, and present the amalgamated Dzongkhags level annual plan and budget for submission to the PMU.
7. Work closely with the DAMC, NSC, NPHC, AMC, private sector and other stakeholders for the purposes of this project.
8. Collate Dzongkhags annual work plan and budget at the PST level and prepare a PST wide annual work plan and budget

9. Collate achievement of annual outcomes and outputs at the PST level comprising of Dzongkhags and Gewogs within its responsibility.
10. Report progress on such interventions and improvements brought about in agricultural production to the PMU and Dzongkhag Tshogde (DT)
11. Provide technical back stopping for concerned Gewog and Dzongkhag activity level project intervention planning and implementation.
12. Ensure optimal capitalization of the technical experts and allocation of expertise time to all Gewogs and Dzongkhags depending demand and technical gap in the project areas.

The following tables present the staff identified and/or designated at the PSTs respective in each RDC.

### **PST, Bajo**

<b>Project Support Team (PST) Positions</b>	<b>Type of Appointment</b>
PST coordinator (Mr. Pema Chofil)	Full time PST coordinator
M&E and Knowledge Management Focal (Tanka Maya Pulami), Accountant (Sherub Dorji, RDC Accounts Officer) Procurement expert (Tashi Tshering) Environmental and Social Safeguards Focal (Tanka Maya Pulami)	Existing RDC staff 50% time share basis

### **PST, Samtenling**

<b>Project Support Team (PST) Positions</b>	<b>Type of Appointment</b>
PST coordinator (Mr. Ngawang)	Full time PST coordinator
Irrigation/Infrastructure engineer, (Mr. Tsewang, Jr. Engineer) As per OD exercise there is provision for 7 engineers for the RDC	Full time basis.
M&E and Knowledge Management Focal (Ms. Tshering Yangden), Accountant (Mr. Sherub Tenzin) Procurement expert (Ms. Yangchen) Environmental and Social Safeguards Focal (Mr. Chezang Dendup)	Existing RDC staff 50% time share basis

### **PST, Yusipang**

<b>Project Support Team (PST) Positions</b>	<b>Type of Appointment</b>
PST coordinator (Ms. Kesang Tshomo, PD)	Full time PST coordinator
M&E expert, (One specialist / Research Officer)- Mr. Kailash Pradhan, Specialist Accounts focal (Finance officer)- Mr. Kishore Kr. Rai Procurement Focal (Administration officer/ store officer)- Ms. Dil Maya Chettri, store officer  Environmental and Social Safeguards Focal (Specialist designate for M&E) - Mr. Kezang Tshering, Specialist	Existing RDC staff 50% time share basis

### **Annex 12: Terms of Reference for PST Coordinator (PD, RDC)**

The terms of reference for the PST Coordinators reflect those of the Project Director, but the PST Coordinators will closely engage with PST involved in field activities for their particular areas of expertise and oversight.

1. The PST Coordinators will along with Project Director take responsibility of informing all stakeholders at central and local levels of project objectives and expectations. The PST Coordinators will ensure that PST members are fully aware of the FSAPP requirements and travel to Dzongkhags and Gewogs in their region to technically assist the Gewog Field Coordinators during the AWPB preparation and implementation of project activities.
2. The PST Coordinators will support the Project Director in consultation with all Dzongkhags in drafting and preparing Annual Work Plans and Budgets for FSAPP that will cater to the requirements sectoral planning at Chiwog and Gewog level
3. PST Coordinators under guidance from the Project Director will set up with the M&E focal and gender/safeguard focal, the FSAPP Monitoring System and ensure that all planning and monitoring forms are ready for implementation once FSAPP was launched.
4. Prepare with guidance from Project Director the management reports (inception, revision of Operational Manual, progress reporting, and terminal reports)
5. Submit through Project Director reports and analyses to PSC regularly
6. Set up easy flow of communication with target Dzongkhags and Gewogs at least once each quarter
7. Facilitate with Project Director the selection process for national consultants, and training candidates
8. Represent the PST at the PSC by attending and raising the interests and issues of Dzongkhags within their region.

### **Annex 13: Terms of Reference for Irrigation /Infrastructure engineer (IE)**

The Irrigation/Infrastructure engineer at the PST will be an RDC staff seconded to the PST for 50% of his/her time. The IE will contribute to sharing his/her knowledge with Dzongkhag and Gewog staff and support in planning, implementing and monitoring of irrigation/infrastructure activities within the scope of FSAPP. The specific responsibilities of the Irrigation/Infrastructure engineer will include:

1. Undertaking feasibility study, data collection and site identification for potential irrigation development under the project
  - 4 irrigation facilities in 1346.33 acres (545 ha) of land for increase of cereals, potato, vegetables and oilseeds encouraging the planting of secondary and cash crops and introduction of appropriate technologies and cropping practices like intercropping and staggered cropping
  - High efficiency micro-irrigation (sprinkler, drip) in 250 acres (100 ha) of land for improved horticulture and cash crops.
2. Design and prepare drawings of above-mentioned irrigation systems including preparation of cost estimates.
3. Assess the irrigation performance of the selected sites.
4. Assume responsibility for finalizing and submitting timely based reports to the PST, and PMU
5. Develop operations and maintenance plan including environmental and/or social impact mitigation of the proposed project where required, and support the concerned Dzongkhags and Gewogs in its implementation
6. Facilitate formation and strengthening of 4 Water User Associations (WUAs) and about twenty (20) in improved agronomic practices, water use efficiency, and in the operation and maintenance of irrigation systems.
7. Carry out capacity needs assessment and develop training plan for the WUAs
8. Be part of the technical and capacity development opportunities for the project staff
9. Support project Gewogs and Dzongkhags in planning, design, costing and implementation of other infrastructure requirements in the field.

#### **Annex 14: Terms of Reference for M&E/Knowledge Management Focal at PST**

The monitoring system will be uniform following the system developed at the PMU level.

Specific roles of the M&E focal at PST will be as follows:

1. The M&E focal will monitor and prepare regular reports for the Dzongkhags covered within their region and submit to the PMU.
2. He/she should regularly monitor and review the implementation progress against the activity targets within their region and inform management at PST and M&E officer at PMU.
3. Make regular field visits to monitor physical progress and verify figures as and when required.
4. During the field visits identify issues and communicate to the PST coordinator and M&E officer at PMU on the issues and follow up with remedial measures recommended.
5. Record grievances arising within their region and follow up to check that appropriate corrective measures have been undertaken and that the outcomes are satisfactory.
6. Prepare quarterly progress reports, compile and submit to M&E officer at PMU for further compilation and submission to RGoB as well as the Bank.
7. The M&E focal will cooperate and share information with the independent expert fielded during the project MTR and at the end of project implementation to assess the project performance towards the set targets.
8. Ensure that all the activities under the project are implemented in compliance with the project agreements and regulations: Financing Agreement, Project Agreement, Operations Manual, etc.
9. Determine to what extent the project achieves its goals and objectives, and how it affects the intended beneficiaries' social conditions and capacities within their region.

### **Annex 15: Terms of Reference for PST Accountant**

The Accountant at PST will be a part time post on secondment from RDC. The remuneration of the PST Accountant will be supported by RGOB while his/her travel costs will be met from the project funds. The Finance Officer shall report directly to the Project Financial Management Expert at the PMU on matters related to finance and accounts of the project. The responsibilities of the Finance Officer shall include;

1. Ensure that adequate financial controls are in place to maintain propriety and proper accountability of expenditures in line with the financial management norms of RGOB and that meets the requirement of the bank.
2. Liaise with DADM, DPA, DNB, MoAF accounts officer, PST, Dzongkhag and Gewog Finance Officers and Assistants for budget releases and to submit budget release requests with adequate advance notification.
3. Ensure the financial transactions are properly authorized, recorded, have adequate supporting documentation, filled, maintained and can be easily extracted for the purpose of preparing financial statements and financial audits.
4. Monitor budgets and expenditures and contribute to preparation of budget revision.
5. Prepare and submits timely and reliable project financial reports, statement and submit to Project Director for clearance as required. Maintain financial records, prepare timely reports, submit monthly (and quarterly) expenditure reports to the Project Director for circulation;
6. Establish a computer based monitoring system for expenditures.
7. Check budget lines to ensure that all transactions are booked to the correct budget lines.
8. Liaise with auditors to ensure annual monitoring is carried out
9. Be responsible for any financial tasks related to organization of conferences, workshops, trainings and workshops at the PMU level and procurement.
10. Carry out any other financial assignments as requested by the Project Director.
11. Ensure that all correspondences are routed through the Project Director for his/her information and review.
12. Conducts all other duties as requested by the Project Director and necessary for the smooth running of the project.
13. Ensure timely resolution of audit paras from internal and external audit.

**Annex 16: Terms of Reference for Procurement Focal at PST**

Procurement of high value goods and works and services will be executed by PMU, therefore, at the PST level only procurement of small-value goods, works and services for sub-projects will remain. The services of the procurement focal at PST will be as follows:

1. To help PSTs in preparation of procurement plan annually based on the AWPB for the particular fiscal year.
2. To inform PST and PMU to seek the Bank's approval based on whether the procurement requires pre or post review by the Bank.
3. To identify procurement activities and types of services under the project about the work program and annual budget.
4. To guide and support procurement activities carried out by the PST, Dzongkhag, and Gewogs.
5. To inform PMU if refinement to the Procurement Chapter for the Operational Manual is needed, covering the procurement policies, procedures and standard documents to minimize costs and ensure a scheduled procedure for carrying out procurement activities in line with the RGoB and World Bank.
6. To maintain a database on the procurement actions, standard and sample bidding documents and other sources required to project participants under different components at PST and Dzongkhag level.
7. To collaborate with focal engineer at PST especially in terms of bid documents and evaluation in terms of procurement of works.
8. To coordinate with focal engineer and organize bid opening, evaluation and award committees in consonance with RGoB procedures.
9. To negotiate and prepare standard bidding packages and specifications, to evaluate, to enter into contracts, to oversee delivery, to issue invoices, to inspect/test procured items to make payments to suppliers/contractors.
10. To coordinate with the PST Accountant to develop and introduce payment mechanisms and procedures for procurement of goods, technical assistance and works.
11. To oversee and coordinate (with relevant Dzongkhag and Gewog Administration) procurement by local communities.
12. Prepare relevant procurement plans and reports as required by the PMU for compilation and submission to World Bank and RGOB.
13. To receive and inventorise, and update regularly, all the goods received and issued to individuals for record and make it available for auditing purposes.

**Annex 17: ToR for Environmental and Social Safeguards/Gender Expert (PMU)**  
Safeguards / Gender Specialist will be responsible for ensuring gender and social inclusiveness in the overall project process and implementation, and adherence to the environmental and safeguard policies as specified in the ESMF in relation to investment (non-TA) activities of FSAPP. The position is full time for two years. Specifically, he/she will:

- 1) Based on a desk-based review of available literature and information, carry out an assessment of gender issues and women's status in agriculture and rural development.
- 2) Carry out a detailed gender analysis identifying main gender issues in the proposed areas for project intervention, including the differential impact of the project activities on different subgroups of the target beneficiaries (by sex, age, marital status etc.)
- 3) Based on the analysis above, draft a gender strategy for the project indicating proposed activities, time frame and expected contribution towards overarching goals of gender equality and social inclusion.
- 4) Ensure equal and equitable participation and benefit sharing amongst project beneficiaries, with special attention paid to the marginalized and vulnerable groups/sections of the society, including households with members with disability, widowed and/or women headed households, the poor and shy, and youth .
- 5) Promote and support systematic collection, analysis, and use of sex-disaggregated data including for monitoring and reporting purposes.
- 6) Organize and carry out capacity development and awareness raising on gender equality and social inclusiveness for concerned MoAF officials, project stakeholders and beneficiaries.
- 7) Ensure that project ESMF is followed to address relevant social and environmental issues during the project implementation in compliance with the relevant RGoB and World Bank policies, specifically:
  - a. Ensure that the project design and implementation follows a participatory and inclusive process to ensure that the most needy and vulnerable households equally benefit from the project.
  - b. Develop a mechanism whereby beneficiary community members, women and men, can participate at various phases of the project, share project related information, and voice their concerns so that these concerns can be systematically addressed during project implementation.
  - c. Ensure that land or asset acquisition, if any, will be limited to be of small-scale, and if un-avoided undertaken through voluntary donation or use of public lands.
- 8) Complete and submit on time any other tasks assigned by supervisors.



**Annex 18: Terms of Reference for Dzongkhag coordinator (DAO)**

Dzongkhags and Gewog specific project annual work plans and budgets will be prepared and implemented with active participation and involvement of PST-RDC; district officers - especially District Agriculture Officer (DAO) and district engineers (DE); Gewog Tshogde; Gup; Gewog Administrative Officer (GAO), Gewog Extension Agents (EA) and Tshogpas. District Agriculture Officer will be responsible for the implementation of the respective Dzongkhag's annual work plan and budget. In line with the project beneficiaries' priority needs, Gewog and Dzongkhag agriculture staff with the support of District Agriculture Officer in coordination with the PST-RDC, will:

- Identify and prioritize project sites and interventions and facilitate Gewog level prioritization of local needs within the project scope;
- Prepare district annual work plan and budget (AWPB),
- Identify and fulfill training and skills enhancement needs of project beneficiaries,
- Provide relevant inputs, support and back up to project beneficiaries,
- Guide and facilitate farmers'/producers' groups to have greater backward and forward linkages to access quality inputs, improve farm management practices, minimize pre and post-harvest losses; enhance quality of produce/product through value addition, and for greater knowledge/info of and access to markets,
- Promote nutrition awareness and behavior change for availability and consumption of nutrient-rich foods,
- Ensure implementation of AWP at the field level,
- Ensure data collection & validation, progress monitoring and reporting;
- Coordinate with the relevant government departments, private sector, markets, development partners, ongoing programs and projects for the benefit of the project. Assess, with support from PST and relevant central agencies, the baseline scenario and identification of potential project activities;
- Where needed, facilitate arrangement of technical support to the Gewogs from PST and the PMU
- Collate Gewog level project work plan, budget and progress reports and submit to the PST
- Screen the Gewog level plans prior to submission to the PST.
- Facilitate implementation of project activities by the Gewogs, monitoring and reporting to the PST
- Facilitate Gewogs to enable access to technical support and capacity development in the implementation of project activities
- Evaluate regularly the lessons and experiences from the Gewogs
- Liaise regularly and frequently with the DT for information and endorsement of activities, including adoption of planned investments in the Dzongkhag Annual Work Plan/Budget upon approval by the PSC.
- Report progress on such interventions and improvements brought about in agricultural production to the PST and the Dzongkhag Tshogdu (DT)

**Annex 19: Terms of Reference for Gewog coordinator (GAEO)**

Applications for investment support are initiated and prepared at Gewog level and submitted to the Dzongkhag for screening and for onward submission to the PST. Once approved by the PSC, the responsibility for implementation lies with the PSTs, Dzongkhags and Gewogs for routine activities. The Gewog Agriculture Extension Officer (GAEO) will be responsible to:

1. Inform, disseminate, carry out social mobilizations and strengthening of the community capacity relevant to project activities;
2. Mobilize farmer groups in the Chiwogs of project Gewogs and facilitate activity planning with support from the DAO, PST and PMU
3. Facilitate Chiwog and Gewog level prioritization of local needs within the project scope;
4. Assessment, with support from Dzongkhag, RDC and relevant central agencies, the baseline scenario and identification of potential project activities;
5. Where needed, facilitate arrangement of technical support from Dzongkhag, PST and the PMU
6. Submit the Chiwog and Gewog level plans to the Dzongkhag Agriculture Officer.
7. Facilitate implementation of project activities by the communities, monitoring and reporting to the Dzongkhag
8. Facilitate implementation project activities, monitoring and evaluation.
9. Facilitate social and environmental and social screening and mitigation actions planning and implementation;
10. Facilitate local communities to enable access to technical support and capacity development in the implementation of project activities
11. Evaluate regularly the lessons and experiences from the Chiwog and farmer group level planning and implementation approach;
12. Liaise regularly and frequently with the GYT for information and endorsement of activities, including adoption of planned investments in the Gewog Annual Work Plan/Budget upon approval by the PSC.

**Annex 20: Environment and Social Screening formats**

Initial Environmental screening will check: i) if the project activity is eligible, ii) if the subproject is exempted by Bhutan environmental laws from further environmental investigation, and iii) who is the Competent Authority for reviewing and issuing environmental clearance. The environmental and social screening will comprise of the following formats as designed in the ESMF document.

Format: Public Consultation Records

Provide a summary of the consultation undertaken with the communities for each of the sub-projects

Format: Safeguard Eligibility and Impacts Screening for Sub-Project

**PART 1: BASIC INFORMATION**

1	<b>Subproject name</b>			
2	Type of construction:	New activity	<input checked="" type="checkbox"/> Rehabilitate	<input type="checkbox"/>
3	Project location: Chiwog/Village : Geog : Dzongkhag :			
4	Design Parameters (area/length)			
5	Preparation period			
6	Construction			
7	Project completion and operation			
8	Is construction carried out in rainy season?			
9	Acquired land area	Permanently	Within ROW	
10	Total investment capital			

(Move to Part 2 after filling in all information in the table above)

**PART 2: ELIGIBILITY SCREENING**

No.	Screening Questions	Yes	No	Comments/ Explanation
	Would the project activity be?			
1.	Located or disturb a land area located within 5 kilometers from any primary forest, protected areas, national parks, nature reserve, specialised forest, areas biologically importance?			
2	Located or disturb areas of critical natural habitats, breeding ground of known rare/endangered species?			
3	Disturb areas having landscape or historical values?			
4	Require relocation of any known physical cultural resources such as			
	a Lhakhangs, Chortens, Mani Dungkors			
	b Duthrues (Cremation grounds)			
	c Statues, monuments, historical sites,			
	d Community cultural centre			

No.	Screening Questions	Yes	No	Comments/ Explanation
e	buildings, sacred trees or objects having spiritual values to local communities			

\* If all answers are “No”, project activity is eligible and move to Part 3

\* If at least one question answered as “yes”, the project activity is ineligible and will be excluded from FSAPP. PMU/DoA can reselect the site of project activity and do screening again.

### PART 3: IMPACTS SCREENING

Answer the questions below and follow the guidance to describe the potential impacts

No.	Yes	No	Description of the potential impacts
<b>1. PRE-CONSTRUCTION PHASE</b>			
			<b>(the texts below are guidance)</b>
	Will the project activity..?		
1.1	Require Land acquisition for construction and or worker’s camp, construction materials loading and storage, etc.		(Guidance: provide the information below) Total land areas to be acquired: Permanently:       - Temporarily: In which: public land:                      Private land:
1.2	Loss or damages to trees and existing vegetation cover due to site clearance, machinery operation or disposal of excavated materials?		(Guidance: provide the information below) number of trees to be cut down: Total land area of vegetation cover removed:
<b>2. CONSTRUCTION PHASE</b>			
2.1	Disturb vegetation cover or damage trees at construction sites, along ROW or other areas disturbed during construction phase		observe the area and describe where existing vegetation cover, trees will be affected during construction phase:
2.2	Cause increased level of dust and noise?		Identify source of dust and noise: loose construction materials, soil and sand blown by wind. Assess Level of impacts depends on whether (wet/dry), number and distance of houses from sites.
2.3	Generate smoke and smell (cause pollution, health impacts)		Identify possible sources: fuel burning , vehicle exhausts, toilets, domestic wastes from camp kitchen Assess level of impact: consider duration, intensity of smoke/smell taking into account wind directions

No.		Yes	No	Description of the potential impacts
2.4	Cause ground vibration (cause nuisance to community, damages to weak existing objects and infrastructure)			Identify sources: ground compaction (roadwork's, storage, drilling) Level of impacts: intensity of compaction, and strength of existing infrastructure
2.5	Pollution of soil and water sources (from waste and wastewater generation, excavated soil, acid sulphate soil, construction, packaging materials, domestic and sewerage wastes generated by the workers)			Identify sources of waste and wastewater generation, such as construction site, worker camps and quantify the waste/wastewater for assessing the level of impact, considering the distance from source to receptor (e.g. water bodies). Leakage of oil stored at the site may also cause soil and water pollution
2.6	Localised flooding related to disturbance to existing drains, changes in ground elevation etc.			Localised flooding may occur if existing/natural drainage path is blocked or disrupted. Consider the issues at construction sites, camps, borrow pits, quarries and disposal sites. If materials are bought from existing licensed borrow pits and quarries, the issues would not be considered in the project
2.7	Sedimentation in areas next to construction site as surface runoff wash away loose materials from construction sites?			Loose construction materials and excavated soil may be blown by wind or washed away by surface water runoff and cause sedimentation in existing drains
2.8	Damage or interrupt operations of existing infrastructure (drain, power line, roads, etc.)			If not avoided, some project activities (road rehabilitation, construction of large storage facility) sited in areas where power line, irrigation canals, drains, roads, etc. exist, they may be affected or cause blockage
2.9	Cause loss or damage to physical cultural resources, such as cremation sites, historical objects/structures, temples, religious sites (Ney), sacred trees, objects of spiritual important to			If not avoided, some activities (road rehabilitation, construction of large storage facility, etc.) may cause loss or damages to physical cultural resources such as temples, chortens, manidungkors, Neys, sacred trees, etc. Construction activities may also cause dust, noise, visual impacts to these sites.

No.		Yes	No	Description of the potential impacts
	communities, etc.			
2.10	Disturb farming activities due to the presence of workers and machineries at the site, damages to crops:			If construction takes place agriculture area, construction materials, waste, wastewater and surface runoff from construction sites, camps may enter rice or plantation nearby disturbed areas and cause loss or harm to plants, trees The presence and movement of machinery, construction materials, workers may disrupt access to or affect farming activities
2.11	Social disturbance due to construction activities and the presence of workers in the project area			Dust, noise, vibration from construction or interactions between workers with local people may cause nuisance and conflict between the workers and local community. In some cases, workers may also involve in “social evils” in the project areas such as gambling, drinking, drugging, etc. to have bad impacts on local people, particularly where ethnic minority groups present.
2.12	Safety and health risks for workers (loading and unloading of construction materials, excavated areas, fuel storage and usage, electrical use, machinery operations etc, adequacy of accommodation etc.)			There are some safety risks for workers related to transportation and loading of construction materials, working high above the ground or in canals where slopes are unstable, machinery operations, electrical uses for office, camp and construction
2.13	Safety risks for community (related to loading and unloading of construction materials, excavated areas, fuel storage and usage, electrical use, machinery operations etc, adequacy of accommodation etc.)			If local people presence at or near construction site, they would be exposed to safety risks related to construction
2.14	Disturb traffic and/or cause traffic safety risks			Rehabilitation of access road to farms may disrupt traffic. Transportation of construction materials and wastes, temporary loading of materials in other subprojects may also disrupt traffic and/or cause traffic safety risks
2.15	Others (specify)			Identify and describe site-specific and type-specific issues, concerns, risks, potential impacts

No.		Yes	No	Description of the potential impacts
3. OPERATION PHASE				
3.1	Cause dust, noise during operation phase (e.g. from pumps)			Dust and noise along access roads
3.2	Safety risks for community			(considers those related to electrical poles, falling into canals, traffic safety etc)
3.3	Water pollution?			
	Others impacts (specify)			

Signature

(Consultant / PMU or Dzongkhas / Geogs)  
**Name and Designation**

**Format: Environmental Compliance Monitoring Form**

Project Activity/Contract package:

Monitoring Officer:

Name:

Mobile phone number

email

Date reporting:

	<b>Environmental issues</b>	<b>Description of Mitigation Measures implemented</b>	<b>Evaluation 1=good; 0 = acceptable; -1 = bad</b>
1	Dust, smoke		
2	Noise, vibration		
3	Disturb vegetation cover, cut trees		
4	Waste generation		
5	Water pollution		
6	Localised flooding		
7	Traffic disturbance		
8	Public health and safety		
9	Damages or disrupt operations of existing infrastructure		
10	Disturb Socio economic activities		
11	Social impacts related to mobilisation of workers to the site		
12	Impacts on physical cultural objects		
	Others (specify)		

Signature

(Consultant / PMU or Dzongkhags / Gewogs)

**Name and Designation**



## **Annex 21: Financial Management Framework**

The project will be implemented using the existing financial management arrangements of the RGoB and project specific arrangements as provided in this Operations Manual. The project will be budgeted centrally at the PMU (DoA) within the overall budget of DoA under a separate Financing Item Code (FIC). The activity/sub-activity codes will allow for all project-related expenditures to be separately identified, accounted and reported in the Public Expenditure Management System (PEMS) reports as well as in the interim unaudited financial reports (IUFs).

**Budgeting:** The project will be budgeted at 5 Dzongkhags, 3 RDCs, the DoA, and DAMC under separate Project Letter of Credit/s (PLC/s) and a separate Financing Item Code (FIC). Funds to the other agencies such as Gewogs, AMC could be passed on by the above agencies. The activity/sub-activity codes will allow for all project-related expenditures to be separately identified, accounted, and reported in the Public Expenditure Management System (PEMS) reports as well as in the Interim Unaudited Financial Reports (IUFs). Clearly identifying the project components/sub-components within the PEMS system will simplify the project financial reporting.

**Staffing:** In Bhutan, the Ministries and departments have Administration and Finance Divisions (AFD) and Dzongkhags and Autonomous bodies have Administration and Finance Sections (AFS) to manage their financial affairs. Finance personnel (budget officials, accounts officials, revenue and customs officials, procurement officials and internal auditors) are placed in all the budgetary bodies across the country. Accounts personnel are also placed at the lowest level of the administration i.e. Gewog Administration. The project accounting and financial reporting functions will be managed by the existing accounting staff of MoAF at the central level, at the Dzongkhag level, and at the Gewog level. Given the regional nature of the project and the number of agencies involved in project execution, an experienced, well trained, and senior level accountant from the existing staff, has been assigned to the PMU by MoAF/DPA. The accountant will be provided training in Bank FM procedures and shall not be transferred during the life of the Project. Requests for all releases to PLC/LCs under the project will be routed through the Accounts Officer in the PMU. For ease of reporting, it is proposed that the Accounts Officer shall obtain read-only access to PEMS systems to access expenditure incurred at various project locations. The above accountant through AFD, MoAF will have the primary responsibility for (a) routing all fund requests to the Department of Public Accounts (DPA) and tracking the fund releases; (b) reconciling the Designated Account (DA); (c) coordinating with accountants at RDC, Dzongkhag, and Gewog levels to advise them on the project financial management arrangements; (d) obtaining expenditure details from accountants at the RDC, Dzongkhags, and Gewogs; (e) preparing and submitting half-yearly consolidated interim financial reports to IDA, and (f) ensuring timely submission of internal and external audit reports and follow-up on resolution of any audit para /observations.

**Controls:** RGOB's Financial Rules & Regulations 2016 (FRR) provides the required control framework for procedural transaction control over individual items of expenditure and receipts. The FRR provides detailed guidance on internal controls, including safeguarding of cash, control over inventories, segregation of duties, and delegation of authority for approvals and operating the bank accounts. The FRR specifies the segregation of duties and defines the responsibilities and steps required to process financial transactions. Project specific procedures are provided in this OM.

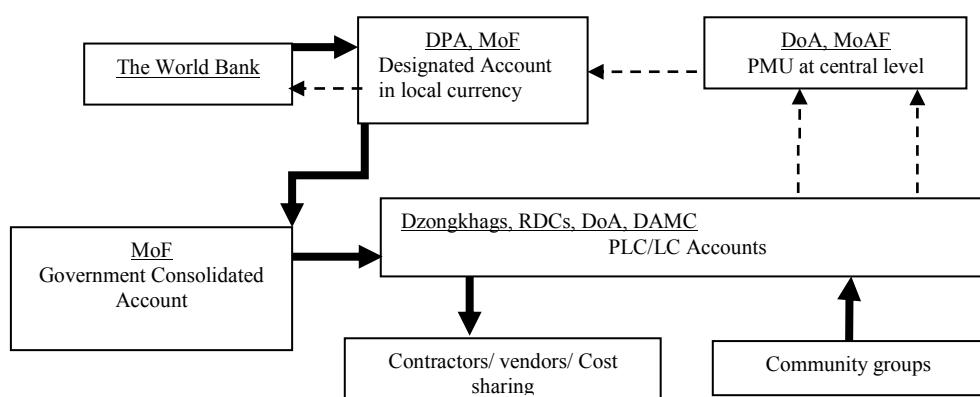
**Internal Audit:** The internal auditor of MoAF will review project activities of each of the spending unit at least once every financial year but the internal audit reports will be issued on a biannual basis. These reports should be shared with the External Auditors on a regular basis and shared with the Bank during project review/supervision.

**Accounting & Reporting:** Accounting for project expenditures will be maintained on a cash basis in PEMS itself and no separate project level accounting will be required. The accounting and financial reporting functions will be managed by the project's Finance Officer at central PMU level and by the accounts focal persons comprising of existing accounts of officers at the PST, Dzongkhags and at Gewog levels. The prevailing rules of RGOB, i.e. Financial Rules and Regulations (2016), will apply to all project expenditures. Key aspects of the project FM arrangements are as follows:

- All payments to contractors, consultants and suppliers against invoices and running bills are considered as expenditure.
- Other transfers such as inter department transfers, transfers to the spending units and the advances provided to the community organizations will be considered as advances.
- All sources of funds, all expenditure and advances will be reflected in the project's financial statements.
- There is a provision of beneficiary contribution and cost sharing under the project. The modalities of the release and reporting requirements for the said items shall be provided in the Operations Manual.
- No funds are expected to flow to communities. All procurement and expenditure would be carried out by the implementing agencies identified under the project.

**Designated Account, Fund flow and Reporting:** Project funds will be deposited in advance into the Designated Account (DA) denominated in Ngultrum to be opened at the Bank of Bhutan. The DA will be segregated and used only to deposit advances for the project. The DA will be operated by the DPA in the Ministry of Finance (MOF). Funds will be withdrawn from the DA on an "as required" basis and transferred to the government budget fund account (GBFA) by the DPA as an advance. The transfers from DA to GBFA are based on requests from MoAF at the central ministry level. Based on the requests, the DPA in the MOF will release funds to the Project Letter of Credit (PLC)/Letter of Credits (LCs) of the participating agencies. The project agencies will issue checks against the PLC/LC to meet the project expenditures and account for the same in PEMS. On a monthly basis, all participating agencies will submit a copy of the financial report generated from the PEMS to MoAF. The project accountant will consolidate the information and prepare IUFRRs in form and contents agreed with IDA. The IUFRRs will provide information on expenditures made in the previous two quarters, beneficiary contributions, and forecast for three subsequent quarters. The project management should compare the financial information provided in the IUFRRs with the project's physical progress reports. Half yearly disbursements would be made based on these financial reports, providing funds for three subsequent quarters after adjustment for past disbursements. The figure below describes the funds flow arrangements.

**Figure 3.1 Bhutan: Flow of Funds and Information**



**External Audit.**<sup>3</sup>: Annual Project Financial Statements (PFS) will be audited each year by the RAA as per the standard Terms of Reference agreed for Bank-financed projects by MoF’s letter dated November 24, 2011. PFS will include financial statements for the project along with a statement reconciling Grant disbursements against claims submitted to the Bank and balances available in the Designated Account as reported in the IUFs, as well as a Management Letter. MoAF will be responsible for submitting the project financial statements to RAA by September 30<sup>th</sup> of each financial year. The financial statements submitted by the MoAF for the purposes of the audit will include an assurance from Management on the correctness, completeness, and confirmation of the use of project funds for intended purposes. The following table indicates the audit reports to be submitted to the Bank and their due dates:

Coordinating Agency	Audit Type	Auditor	Deadline
PMU, MoAF	Annual Project financial statements	Royal Audit Authority	December 31 of each year

**Disbursement:**

The project duration is five years. Project funding will consist of a Grant of US\$ 8 million. The Grant will finance 100 percent of the costs (excluding beneficiary cash contributions for goods purchased under the cost sharing arrangements in parts 2.3 and 3.1(b) of the Project), including taxes, for each expenditure category. The project will disburse on the basis of half yearly IUFs providing expenditure for the last two quarters and forecast for the next three quarters. The table below shows grant financing under the various expenditure categories.

**Allocation of Grant Proceeds**

Description	Project Cost (In USD)	Financing (In % including taxes)
(a) Goods, works, non-consulting services, consulting services, training, and incremental operating costs under the Project (other than Parts 2.3 and 3.1(b) of the Project)	7,250,000	100%
(b) Goods under Parts 2.3 and 3.1(b) of the Project	750,000	100% (excluding any beneficiary cash contribution)
Total	8,000,000	100%

<sup>3</sup> There are no overdue audit reports under any of the Bank funded projects

## **Annex 22: Procurement Management**

### **General:**

Procurement for the proposed project would be carried out in accordance with the provisions of the:

- World Bank Procurement Regulations for Borrowers under Investment Project Financing. This will provide lot of flexibility to ensure fit for purpose and value for money.
- The FSAPP's "Project Procurement Strategy for Development Strategy (PPSD)"
- The Project's Procurement staff, under the overall supervision of the Project Director will be responsible for all major procurements.
- A few low value decentralized, procurement will be carried out by three RCDs, the Dzongkhags or the concerned Gewogs following RGoB's procurement procedures and guidelines;
- The PMU will initiate advance procurement action based on the approved PPSD.

All procurement under the project must be carried out as per the Procurement Plan of FSAPP where the different procurement methods for goods, works, non-consulting service or consulting service, the need for initial selection, estimated costs, prior review requirements and time frame are specified.

The project procurement plan will be updated as required and at least annually to reflect the project implementation needs and improvements in institutional capacity. The WB will make half yearly supervision missions to review procurement.

### **Procurement Plan:**

The Borrower, at appraisal, developed a procurement plan for project implementation, which provides the basis for the procurement methods. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

### **Procurement Thresholds:**

**Goods and Equipment** - No international competitive procurements are anticipated. However, contracts for goods and equipment above US\$ 200,000 equivalent (if required) will be procured following the Bank's international competitive procurement approach and Standard Bidding Document's (SBD). Contracts less than US\$ 200,000 equivalent will be procured following national competitive procurement approach and Bank's approved model bidding document. Also, below US\$ 30,000 equivalent may be procured following Shopping method (approved by WB mission, Sept, 2013). Proprietary items and software may be procured following direct contracting with the Bank's prior agreement.

**Works** –International competitive procurements are not anticipated. However, contracts for works above US\$ 1.5 million or its equivalent will be procured following the Bank's international competitive procurement approach and using Bank's approved SBD. Contracts less than US\$ 1.5 million equivalent will be procured following national competitive procurement approach and using Bank approved model bidding document. For contracts below US\$ 30,000 equivalent, they may be procured following Shopping procedures.

**Force Account:** The force account, which are works such as construction and installation and non-consulting services, may be carried out by the Government department of RGOB using its own personnel and equipment under specific circumstances. The force account work that will be carried out cannot be defined in advance, works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices etc.

**Consultancy Services** - Procurement of Consultants shall follow the standard documents of the Bank and the World Bank Procurement Regulations for Borrowers under Investment Project Financing. Except as provided in the following paragraphs, consultants' services shall be procured under contracts awarded in accordance with the provisions of Quality and Cost Based Selection of consultants. Shortlists of consultants for services estimated to cost less than US\$ 200,000 equivalent per contract may comprise entirely of national consultants in accordance with the provisions of New Procurement Framework (NPF).

Services for assignments may be procured following Quality Based selection (QBS), Least Cost Selection (LCS), and Selection under a Fixed Budget (FBS) as per NPF.

Services estimated to cost less than US\$ 100,000 per contract may be procured following Selection Based on Consultants' Qualifications (CQS). Services estimated to cost less than US\$ 100,000 per contract, may, with the Bank's prior agreement follow Single Source Selection (SSS).

For the project, however, it is expected that all consultancy procurement will be done through the FAO and FAO will follow the FAO norms for such procurement.

#### **Review Requirements:**

##### **Prior review:**

**Works and Goods:** All works contracts more than or equivalent to USD 1.5m and goods contract more than USD 30,000 up to 200,000, all direct contracting, and force account.

**Consultancy Services:** All contracts more than USD 200,000 or its equivalent for firms including NGO Services, and contract value more than USD 50,000 or its equivalent for hiring individual.



Bank a draft General Procurement Notice (GPN), the Bank will arrange for its publication in UN Development Business (UNDB) online and the Development Gateway's dgMarket. The bidding period for international competitive procurement shall not be less than 45 days from the date of advertisement. The advertisement shall also be placed in a national newspaper of wide circulation. Though the Bank's procedures will be used, internal clearances at appropriate level will be sought, including the Central Tender Review Board, BEFORE seeking the Bank's No-Objection. (Refer Flow Diagram for international competitive procurement):

**[b] National Competitive Procurement**

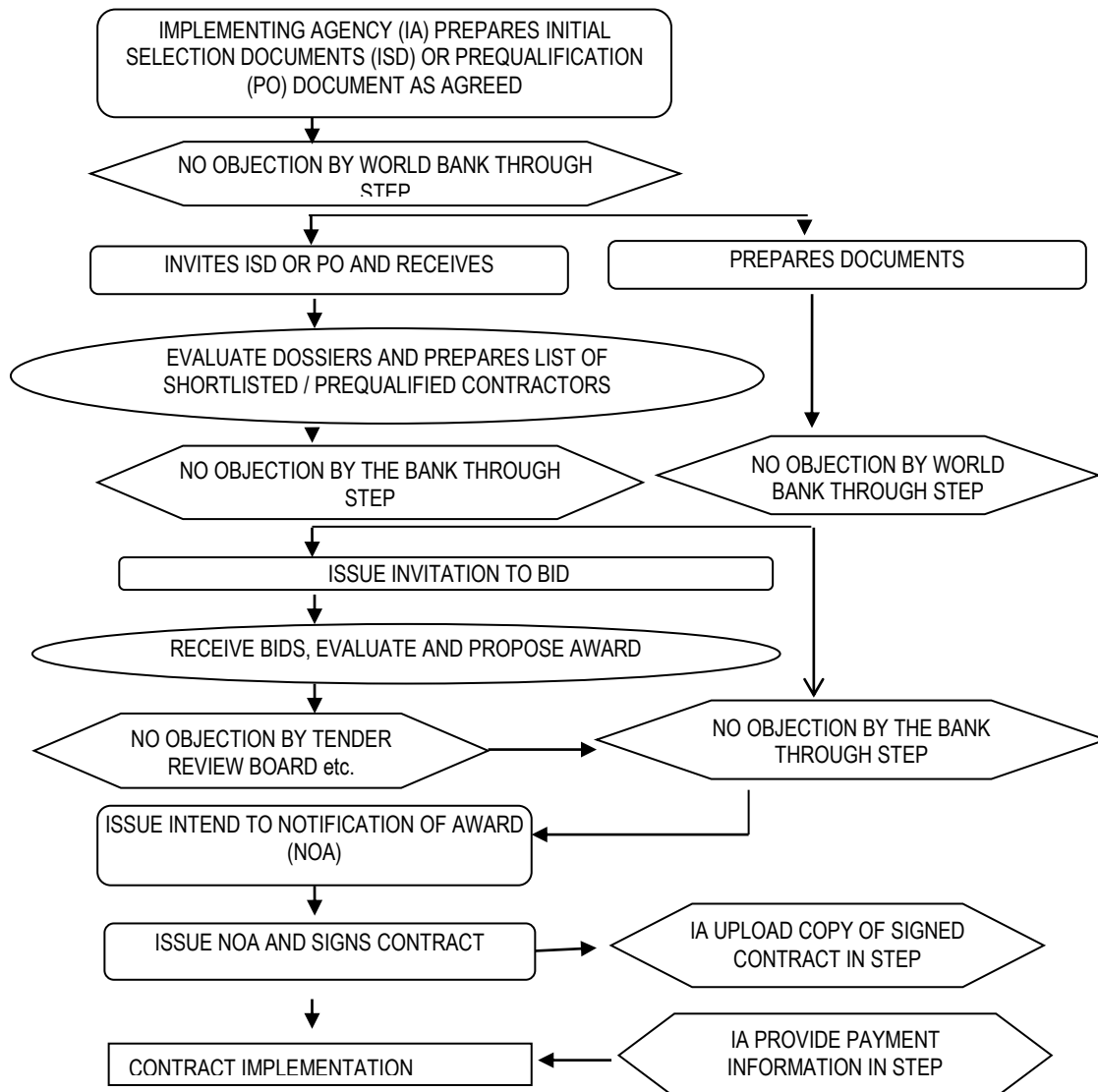
The National Competitive Procurement approach shall be used where the contract is estimated to cost USD 200,000 or less for goods and USD 1,500,000 or less for works. All goods contracts over USD 200,000 and all works contracts over 500,000 shall be subject to prior review. The PIA must follow the following procedure for using national competitive procurement (see flow diagram for NCB national competitive procurement):

**Basic Principles for National Competitive Procurement Approach**

- Only the model bidding documents for national competitive procurement agreed with the Ministry of Agriculture and Forestry (MOAF) (and as amended from time to time) shall be used for bidding.
- Invitation to Bids shall be published in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids.
- Foreign bidders shall not be precluded from bidding and no special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state owned enterprises of small scale enterprises.
- Except with the prior concurrence of the Bank, there shall be no negotiations of price with the bidders, even with the lowest evaluated bidder.
- Extension of bid validity shall not be allowed without the prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period [such concurrence will be considered by the Bank only in Force Majeure and circumstances beyond the control of the purchaser/Employer].
- Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or 'bracket' of prices shall not be used.
- Rate contracts entered into by the Recipient shall not be acceptable as a substitute for national competitive procurement approach. Such contracts shall be acceptable for any procurement under Shopping as one of the quotation.
- Two or three envelope system shall not be used.
- Bidding shall not be restricted to pre-registered firms, if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity for registering, without let or hindrance.
- Advertise locally using local procedures that must be acceptable to the Bank;
- Procedures must be reasonable, provide adequate competition, assure contract award to the lowest evaluated substantially responsive bidder, and not exclude foreign bidders;
- Advertising is limited to national newspapers with wide circulation;
- Currency of bid and payment is normally in local currency and the foreign bidder if any has to quote in local currency.

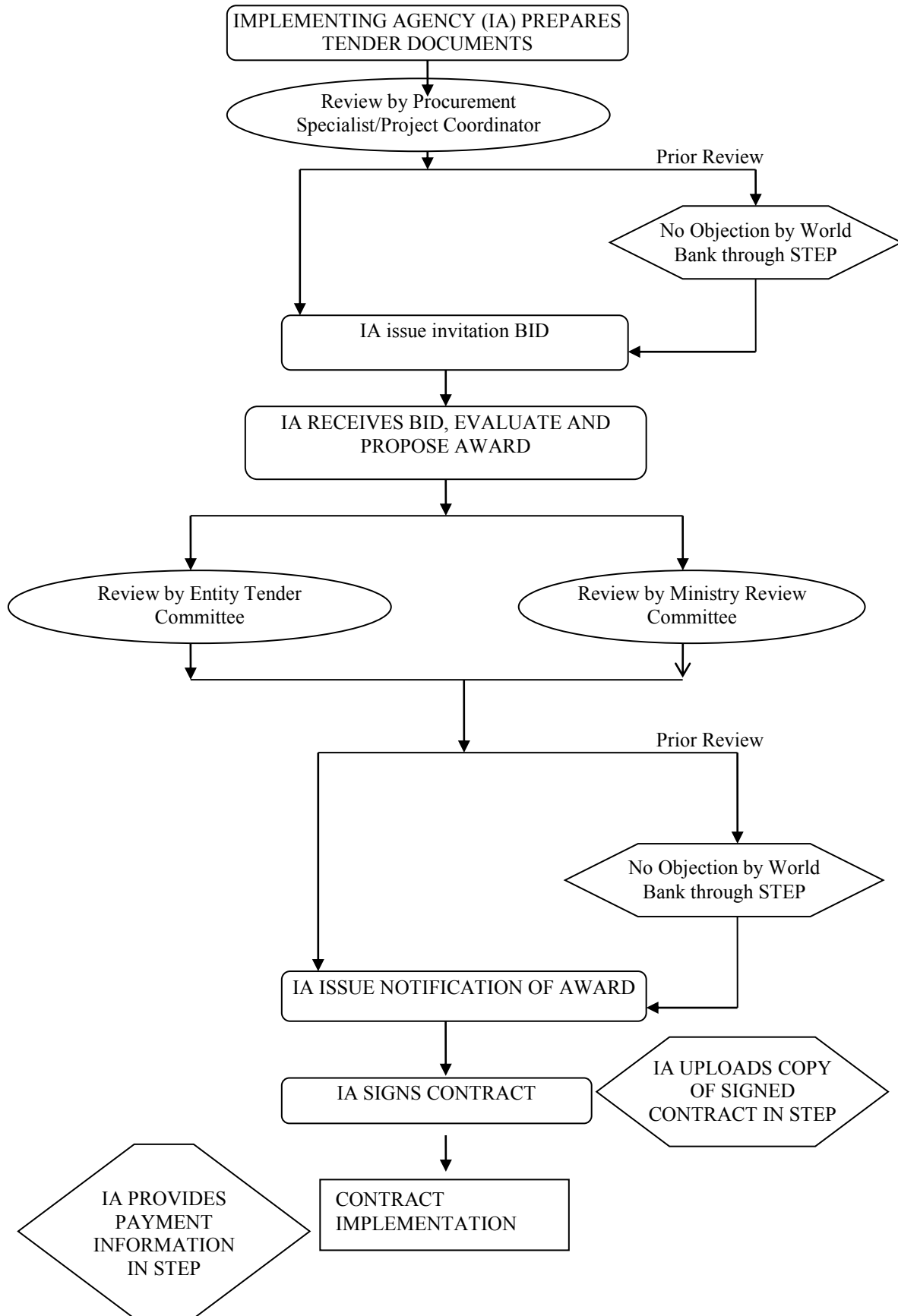
- The bidding documents and bids may also be submitted in local language, if appropriate arrangements have been put in place; for translation etc;
  - This method is appropriate when:
    - Foreign bidders are not likely to be interested; however, if foreign firms wish to participate in the bidding process, they should be allowed to do so.
    - Goods and works are dispersed physically or over time; and when
    - I International competitive procurement is too expensive or not appropriate.
3. Domestic preference shall not be used in the evaluation of national competitive procurement bids.

**FLOW DIAGRAM FOR PROCURING GOODS AND WORKS  
THROUGH INTERNATIONAL COMPETITIVE  
PROCUREMENT**





**FLOW DIAGRAM FOR PROCURING NCB GOODS AND WORKS  
THROUGH NATIONAL COMPETITIVE PROCUREMENT**



[c] **National Shopping**

Shopping shall be used for procuring goods of standard specifications that are small in value where the contract is estimated to cost less than USD 50,000 for goods. A minimum of three quotations shall be solicited from at least three different suppliers, with good track record. Bidders must be given adequate time to respond. Invitation for quotations shall be in writing and will have the description and quantity of the goods as well as the required delivery time and place of delivery, and must include the date, time and place of submission of quotations. No bidding documents are used. Quotations shall be in writing and shall be opened at the time indicated in the letter of invitation. Quotations may be submitted by fax or email if so specified. Shopping is subject to Bank's subsequent post review.

[d] **Operating Costs:**

The project will support incremental operating costs including communication and travel expenses, vehicle fuels for supervision activities, office supplies, and remunerations for contractual staff.

[e] **Force Account:**

The force account, which are works such as construction and installation and non-consulting services will be carried out by the Government department of RGOB using its own personnel and equipment under a specific circumstance. The force account work that will be carried out cannot be defined in advance, works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices etc.

[e] **Direct Contracting (Sole Sourcing)**

This is procurement affected by placing direct orders (single sourcing) and is not encouraged; for this reason, it is subject to prior approval. However, where it becomes necessary to use the method, it shall be restricted to and reserved for:

- (i) Procurement of items, which are proprietary in nature;
- (ii) Urgently required items;
- (iii) Repeat orders to meet additional requirements of the same product or for essential spares from the supplier of an earlier procured equipment, provided there is no upward revision in the price of the item or a change in specification;
- (iv) Extension of works contracts where this is deemed the most economic procedure; and
- (v) Exceptional cases, such as in response to natural disasters, and where,
- (vi) Competitive bidding procedures failed to produce a satisfactory contract.

**Prior review:**

4. Works and Goods: All works contracts more than or equivalent to USD 1.5m and goods contract more than USD 200,000, all direct contracting, and force account.

**Risks related to procurement and Mitigation Plan**

The following table lists perceived procurement related risks and the mitigation plan.

<b>Perceived Risk</b>	<b>Action Completion</b>	<b>Mitigation measures</b>
1. Documentation Maintenance	1. During project implementation	1. At the beginning of the project a brief over view of the documents to be maintained and filed would

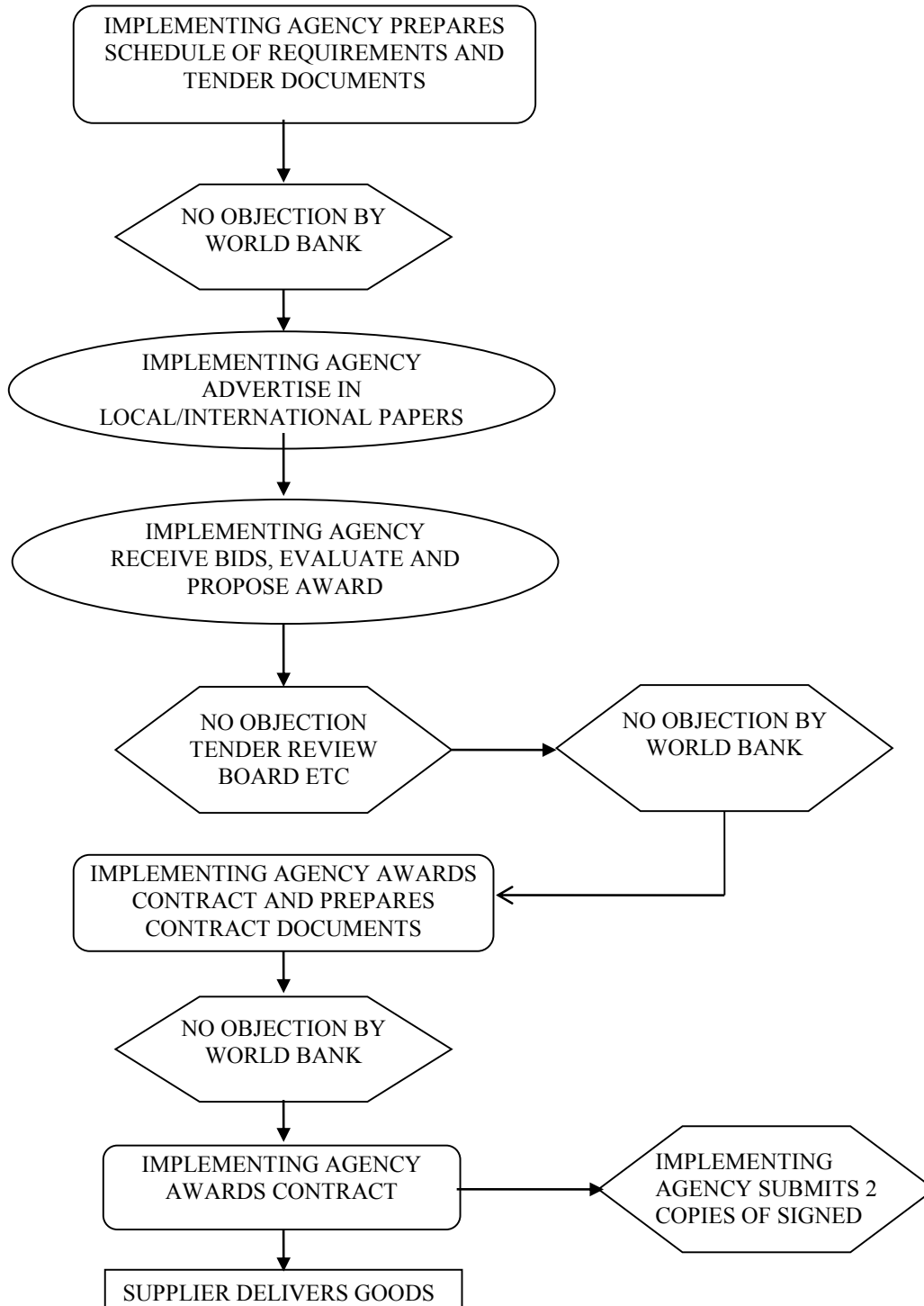
	phase	be discussed with PIU. Subsequently during project implementation, the record keeping and documentation regarding procurement will be monitored.
2. Probability of staff handling procurements being transferred	2. During project implementation phase	2. Agree with the PIA that the trained procurement staff will normally not to be transferred during the project period
3. Capacity Building & training	3. During project implementation phase	3. Joint project launch workshop which covers review of procurement plans and responsibilities and periodical training as a capacity building measures by the Bank. Provide Procurement staff with training (e.g. at NIFM, ASCI etc.) and follow up with refreshers if required.
4. Contract Management	4. Every quarter after the project is declared effective.	4. A quarterly report of all the ongoing contracts a detailed status report including contract management issues such as delays, payment, etc. will be submitted to the Project Director and reviewed by him. and also submitted to the Bank
5. Establish a Complaint redress mechanism.	5. Every quarter after the project is declared effective	5. A quarterly report of all complaints received and action taken will be submitted to the Project Director and reviewed by him and submitted to the Bank

The responsibility for completion of specified sections in the preparation of Works Bidding Document is as follows:

<b>Section No:</b>	<b>Description</b>	<b>Responsibility for Completion of Specified Sections</b>
Section I	Instructions to Bidders (ITB)	These sections are not to be modified; they remain intact.
Section III	Eligible Countries	
Section V	General Conditions of Contract (GCC)	
Section II	Bidding Data Sheet (BDS)	The Client is responsible for preparing the (BOQ) sections for works bidding documents, for subsequent pricing by bidders, and for completing the BDS, SCC, Specifications and Drawings, , prior to issuing them to bidders to bid. The Client may use the services of Consultants, technical experts or trained Procurement Officers for this. The BDS and the SCC complement the ITB and the GCC sections by modifying them to suit the requirements of the works being procured.
Section VI	Special Conditions of Contract (SCC)	
Section VII	Specifications & Performance Requirements	
Section VIII	Drawings	
Section IX	Bill of Quantities (BOQ)	
Section IV	Forms of Bid, Qualification, Information, Letter of Acceptance, and Agreement  1. Contractor's Bid. 2. Qualification Information 3. Letter of Acceptance 4. Agreement	The first two forms, i.e. the contractor's bid and Qualification Information under this section, are left in the bidding document to be completed by the bidder (contractor), to be submitted as part of his bid.  The Letter of Acceptance is completed and issued by the Client (or representative) to the successful Contractor, based on the evaluation report recommendations, and is a basis for the formation of contract. The "Agreement" form is completed by the Client and has to be jointly signed with the successful contractor to get a valid contract in place
Section X(a)	Security Forms:  (i) Form of Bid Security (Bank Guarantee), (ii) Form of Bid Security (Bid Bond), (iii) Bid-Securing Declaration, (iv) Performance Bank Guarantee,	The appropriate form of bid security is selected from the three and included in the bidding document, (the others being deleted) to enable the bidder process it as the bid security. This legal document, is subsequently, submitted by the bidder as part of his bid.  The appropriate form of performance security together with the Bank Guarantee for Advance Payment are selected and included in the bidding document. The unselected performance form is deleted from the document. It is the responsibility of the successful contractor,

	(v) Performance Bond, (vi) Bank Guarantee for Advance Payment	awarded the contract, to arrange for the completion of the performance and advance payment securities, which are legal documents by commercial banks. The performance bonds are issued by insurance firms.
	Invitation for Bids (IFB)	The Client is responsible for completing and publishing the IFB as a notice or advert in appropriate media to start the bidding process. The Client may use the services of trained Procurement Officers.

## FLOW DIAGRAM FOR PROCURING GOODS



The responsibility for completion of specified sections in the preparation of Goods Bidding Document is as follows:

<b>Section No</b>	<b>Description</b>	<b>Responsibility for Completion of Specified Sections</b>
Section I	Instructions to Bidders (ITB)	These sections are not to be modified; they remain intact
Section V	Eligible Countries	
Section VII	General Conditions of Contract (GCC)	
Section II	Bidding Data Sheet (BDS)	This sheet is completed by the Client or his representative. It modifies the ITB making its references specific to the goods to be procured.
Section III	Evaluation and Qualification Criteria	The Client or his representative shall provide all inputs and information required in under these areas, as part of the bidding document to be issued for sale.
Section VI	Schedule of Requirements	
	• List of Goods and Delivery Schedule	
	• List of Related Services & Completion Schedules	
	• Technical Specifications	
	• Drawings	
• Inspections and Tests		
Section VIII	Special Conditions of Contract	The SCC is completed by the Client to facilitate the bidding process. It modifies the ITB making its references specific to the goods to be procured.
Section IV	Bidding Forms	These two are to be completed by each supplier(s) participating in the ICB process
	• Bidder Information Form	
	• JV Partner Information Form	The bidder is expected to complete the relevant Price Schedule Forms and sign them.
	• Price Schedule: Goods Manufactured Outside the Purchaser's Country, to be Imported	
	• Price Schedule: Goods Manufactured Outside the Purchaser's Country, already Imported	
	• Price Schedule: Goods Manufactured in the Purchaser's Country	
	• Price and Completion Schedule-Related Services	

	<ul style="list-style-type: none"> <li>• Bid Submission Form</li> </ul>	Each participating supplier has to complete this form, and submit as part of the bid.
	<ul style="list-style-type: none"> <li>• Bid Security (Bank Guarantee)</li> </ul>	Each supplier makes his arrangement to access a bid security in the appropriate form; in addition each supplier, as part of the bidding process, has to provide a Manufacturer's Authorization. Completed Bid security and Manufacturer's Authorization Forms have to be submitted with the bid.
	<ul style="list-style-type: none"> <li>• Bid Security (Bid Bond)</li> </ul>	
	<ul style="list-style-type: none"> <li>• Bid Securing Declaration</li> </ul>	
	<ul style="list-style-type: none"> <li>• Manufacturer's Authorization</li> </ul>	
Section IX	Contract Forms	The contract Agreement is signed between the Purchaser and the successful Supplier; who also has responsibility for providing the two securities.
	Contract Agreement	
	Performance Security	
	Bank Guarantee for Advance Payment	
Section	Invitation for Bids (IFB)	This format is completed and published by the Client to initiate the bidding process.

#### 5. **Selection of Consultants**

The selection of consultants for the FSAPP will follow the FAO norms based in the Terms of Reference (TOR) approved the PST. A TOR should be prepared for each assignment regardless of size and selection method, and is structured into the following sections:

- (i) Background
- (ii) Objective of the Assignment
- (iii) Scope of the Services
- (iv) Training (if an important part of the services to be provided)
- (v) Qualifications and Experience of Key Staff
- (vi) Reporting & Time Schedule
- (vii) Facilities, Data, Information to be provided by the Client



## **6. Procurement Filing**

The procurement staff shall keep record of the procurement processes and documentation emanating from the application of the Public Procurement Rules and Regulations and also Bank procedures and file them for future reference and also for auditing purposes. The documents to be filed and maintained include the following:

- Maintenance of complete records of all procurement processes and contracts for goods, works and services.
- Maintenance of cuttings of all Advertisements e.g. GPN, SPN, local & International adverts, etc.
- Records on all selection and bidding procurement events shall be kept in a unique file.
- A file for each approved procurement package in the area goods, works and services shall be kept separately.

### **[a] For Services (Selection of Consultants)**

The file shall contain the following information under the PRR and also the Bank, as applicable:

- a) Terms of Reference (TOR)
- b) Entity Tender Committee and Bank's No-Objection for TOR
- c) Expression of Interest
- d) EOI Analyses and Short list
- e) Bank's No-Objection on Short-list, where necessary,
- f) Request for Proposal (RFP)
- g) Bank's No-Objection for RFP, where necessary
- h) Bid Opening Minutes should include Bid Opening Record, Attendance Records, etc.
- i) Technical Evaluation Report
- j) No-Objection from the World Bank on Technical Evaluation
- k) Record of Opening of Financial proposals
- l) Final Combined Technical & Financial Evaluation Report
- m) Negotiations Minutes
- n) No-Objection from the PPA and also from the World Bank for the Combined Tech & Fin Evaluation Report and the Negotiation Minutes
- o) Award letter
- p) Signed Contract
- q) Inception reports
- r) Draft Report
- s) Final reports
- t) Acceptance letter
- u) Copies of all payment vouchers

**[b] For Bidding for Works & Goods**

The files documenting the issues arising during the bidding processes for works and goods shall contain the following;

- a) Prequalification documentation (where applicable);
- b) Bank's No-Objection, where necessary
- c) Bidding Document and amendments, if any
- d) PIA and/or Bank's No-Objection
- e) Bid Invitations (IFB, ITB), SPN;
- f) Records of pre-bid meetings, where necessary;
- g) Bid opening minutes;
- h) Bid evaluation report, including summary of recommended bids;
- i) PIA and/or Bank's No-Objection Letters on Bid Evaluation Report
- j) Award Letters
- k) Any forms of appeals against procedures or award recommendations;
- l) Signed copies of contracts;
- m) Performance security
- n) Certificate of Provisional Inspection and Handing Over
- o) Copies of Contractors certificates and payment vouchers, and others contract management records.
- p) Contract completion certificate

**[c] Records on shopping for Goods and Works**

These records should be kept in appropriate files as follows:

- a) Technical Specifications
- b) Copies of Solicitation letter
- c) Quotations received from supplier
- d) Copy of Comparison of Quotations (Evaluation Report)
- e) Identification of selected supplier
- f) Copy of the Purchase Order (Award of Contract)
- g) Copies of Way Bills (Delivery Notes)
- h) Copies of the Stores Receipt Voucher;
- i) Copies of Contractors/Suppliers invoices and payment vouchers

**[d] Other Contract Administration Records**

The records that shall be maintained are:

- a) All contractual notices issued by contractors or the PU;
- b) Records of all changes or variation orders issued affecting the scope, quantities, timing and price of contract;
- c) Records of claims and disputes and their outcome



		<b>PIP for FSAPP (C=Component; O=Component Objective; IR=Intermediary Results; A=Activities)</b>																								
<b>PIP</b>	<b>Project Year</b>	<b>Yr 1</b>					<b>Yr 2</b>					<b>Yr 3</b>					<b>Yr 4</b>					<b>Yr 5</b>				
		<b>Quarter</b>	<b>Indicator</b>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
IR1.5	Number of farmer groups linked to schools																									
IR1.6	Number of children receiving the recommended 5 servings of fruits/vegetables per day																									
A1.1.1	Training material development and TOT on farm business management																									
A1.2.1	Capacity building for FGs in various aspects of farm business management such as business orientation, financial literacy, book-keeping, and market assessment.																									
A1.2.2	Facilitate the formation and strengthening of 300 new and existing FGs																									
A1.2.3	Formation of cluster based producer groups (PGs).																									
A1.3.1	Nutrition awareness and capacity building for improved diet, including BCC strategy formation and material development																									
A1.3.2	Training of Trainers (TOTs) to RNR officers and Community Resource Persons (CRPs) on Behaviour Change and Communications (BCC),																									
A1.4.1	Awareness about dietary diversity and nutrition among farming communities, especially women of reproductive age, youth, and school children																									
A1.4.2	Development of communication materials through a participatory diagnostic analysis of dietary behaviours																									
<b>C2:</b>	<b>Enhancing Farmer Productivity</b>																									
O2	To improve agricultural productivity vital for improving food security and nutrition.																									
C2.1	Water Use Efficiency																									

		PIP for FSAPP (C=Components; O=Component Objective; IR=Intermediary Results; A=Activities)																								
PIP	Project Year	Yr 1					Yr 2					Yr 3					Yr 4					Yr 5				
	Quarter	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20					
C2.2	Improved Farm Management and Technical and Institutional Capacity Building																									
C2.3	Improved Agri-Inputs and Technologies																									
	Intermediate Result Indicators																									
IR2.1	Targeted crop area provided with irrigation – GAFSP Core Indicator # 6 <ul style="list-style-type: none"> <li>• Area covered by Flood Irrigation</li> <li>• Area covered by Micro irrigation</li> </ul>																									
IR2.2	Number of water users <sup>5</sup> with new/improved irrigation services – GAFSP Core Indicator # 8																									
IR2.3	Number of farmers who have adopted an improved agricultural technology <sup>6</sup> promoted by the project in targeted project areas (gender disaggregated) – GAFSP Core Indicator # 4																									
IR2.4	Total land area under cultivation for citrus and cardamom increased by 5%																									
A2.1.1	Introduce appropriate technologies and cropping practices																									
A2.1.2	Provision of micro-irrigation (sprinkler, drip) schemes for improved horticulture and cash crops																									
A2.2.1	Formation and strengthening of four water user associations (WUAs)																									
A2.2.2	Formation and strengthening of 20 water user groups																									
	Training in the design of micro-irrigation systems																									

<sup>5</sup> Water Users = All farmers benefiting from project supported irrigation interventions

<sup>6</sup> Improved Agricultural Technology = Including but not limited to - high efficiency irrigation, disease-free seeds and saplings, soil conservation, farm machinery, electric fencing, greenhouses, and any other technology provided by the project

		<b>PIP for FSAPP (C=Components; O=Component Objective; IR=Intermediary Results; A=Activities)</b>																								
<b>PIP</b>	<b>Project Year</b>	<b>Yr 1</b>					<b>Yr 2</b>					<b>Yr 3</b>					<b>Yr 4</b>					<b>Yr 5</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>					
	<b>Quarter</b>																									
A2.3.1	Supply of small farm machineries and equipment focusing on needs of female farmers																									
A2.3.2	Supply of electric fencing, greenhouses																									
A2.3.2	Supply of quality and disease-free seeds, and improved planting materials																									
A2.3.4	Promote use of improved farm and climate smart technologies																									
A2.3.5	Training on new emerging technical areas of strategic importance and relevance to the project (such as adaptation to climate changes)																									
A2.3.6	Technical training in cardamom propagation, disease control, and orchard management																									
A2.4.1	Technical training in citrus propagation and disease control																									
<b>C3</b>	<b>Enhancing Access to Markets</b>																									
	To promote nutrition sensitive value chain development for high value (economically and nutrient-rich) crops in order to enhance market linkages for farmers.																									
O3																										
C3.1	Post-harvest and Market Infrastructure Support																									
C3.2	Linkage to Domestic and Export Markets																									
	Intermediate Result Indicators																									
IR3.1	Number of beneficiaries of project supported market infrastructure <sup>7</sup>																									
IR3.2	Number of producer groups receiving market information <sup>8</sup>																									

<sup>7</sup> Market Infrastructure = Including, but not limited to, improved handling equipment (crates, tarpaulin sheets), collection/packing centre, small market sheds, improved storage structures e.g., zero energy cool chambers for vegetables/fruits and machines and materials for packaging and weighing, farm shops

		<b>PIP for FSAPP (C=Components; O=Component Objective; IR=Intermediary Results; A=Activities)</b>																								
<b>PIP</b>	<b>Project Year</b>	<b>Yr 1</b>					<b>Yr 2</b>					<b>Yr 3</b>					<b>Yr 4</b>					<b>Yr 5</b>				
	<b>Quarter</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>					
A3.1.1	Support farmers in minimizing post-harvest losses; improving commodity shelf life; enhancing product quality, storage/cold storage and packaging																									
A3.1.2	Conduct ToTs to CRPs and organize exposure visits																									
A3.1.3	Train PGs in entrepreneurship, business planning, book-keeping and accounting, among others, for improving commercial operations and sustainability through market research, training, exposure visits, and skills enhancement in hygienically safe food preparation, packaging, labelling, pricing, and marketing																									
A3.1.4	Construction and rehabilitation of five farm shops as a pilot to develop them into commercially viable model enterprises																									
A3.1.5	Provide technology and equipment on cost sharing basis																									
A3.1.6	Support five food-processing groups for preparing, packaging, and marketing hygienically safe and nutritious food to domestic markets																									
A3.1.7	Training on post-harvest technologies, packaging, food processing and safety, targeting five PGs engaged in food processing business																									
A3.2.1	Support to DAMC for reviewing and upgrading the existing agri-market information system (the AgriMarket website and IVR system) into a user-friendly system																									
A3.2.2	Improve the flow of market information from local auction yards and distant markets to																									

<sup>8</sup> Market information = Market prices, knowledge of markets present, and cost of market access





		<b>PIP for FSAPP (C=Component; O=Component Objective; IR=Intermediary Results; A=Activities)</b>																								
<b>PIP</b>	<b>Project Year</b>	<b>Yr 1</b>					<b>Yr 2</b>					<b>Yr 3</b>					<b>Yr 4</b>					<b>Yr 5</b>				
	<b>Quarter</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>					
IR4.2	Progress reports are prepared and submitted on biannual basis and are of satisfactory quality.																									
IR4.3	Procurement of goods and works under this project is completed according to schedule.																									
IR4.4	Percentage of beneficiaries satisfied with services <sup>9</sup> provided by the project.																									
A4.1.1	Document, collate, and disseminate project experiences and learning																									
A4.1.2	Support reviews, studies, and policy analysis that would contribute to the country's agriculture, food security, and nutrition policies and plans																									
A4.2.1	Regularly monitor and report on project activity implementation, ESMF compliance, budget and expenditures																									
A4.2.2	Conduct a capacity needs assessment of project staff																									
A4.2.3	Provide requisite knowledge, management skills, exposure visits, and specific thematic/technical training																									
A4.2.4	Establish a robust M&E and reporting system																									
A4.2.5	Conduct baseline surveys, mid-term assessment, and end of project evaluation																									
A4.4.1	Establish a clear and effective mechanism for grievance redress, including a system for receiving, recording, and addressing complaints and using them for course correction																									
A4.4.4	Conduct beneficiary satisfaction surveys																									

<sup>9</sup> Services: Any intervention under the project.

### Annex 24: Arrangements for Monitoring

Outcome Indicators	Base line	Target Values						Data Source and Reporting		
		YR1	YR2	YR3	YR4	YR5	YR6 (end Target)	Frequency	Data Source	Responsibilities
<b>Project Development Objectives</b>										
1. Productivity of targeted crops <sup>10</sup> increased by at least 20 % in project areas <sup>11</sup> .	0	0	5	10	13	15	20	Annual	Project Progress Reports RNR Statistics Third Party Assessments	PMU, PST, RDCCs, Dzongkhag & Gewog administrations
2. Increase in both volume and value of produce marketed by at least 20 %.	0	0	5	10	13	15	20	Annual	Project Progress Reports Third Party Assessments	PMU, PST, RDCCs, Dzongkhag and Gewog administrations,
3. Number of project beneficiaries of which 30% are women.	0	5000	10,000	20,000	30,000	45,000	52,000 (15,600 female)	Annual	Project Progress Reports Third Party Assessments	PMU, PST, RDCCs, Dzongkhag and Gewog administrations
<b>Results Indicators for Components</b>										
<b>Outcome one: Strengthening Farmer and Producer Groups</b>										
1.1 Number of beneficiaries receiving technical trainings and other capacity building support	0	25	50	100	175	225	300 <sup>12</sup>	Quarterly	Project Progress Reports	PMU, PST, RDCCs, Dzongkhag and Gewog administrations
1.2 Number of farmers <sup>13</sup> who are members of an association including producer groups,	0	1000	3000	5000	7000	9000	10,400 <sup>14</sup>	Biannual	Project Progress Reports RNR Statistics	PMU, PST, RDCCs, Dzongkhag and Gewog

<sup>10</sup> Rice, Vegetables, Potatoes, Large Cardamom, Citrus.

<sup>11</sup> Project areas = 24 Gewogs in 5 Dzongkhags in South-West Bhutan

<sup>12</sup> 300 Farmer Groups – any farmer group (including WUAs and producer groups) formed/strengthened under the project. Each group should receive at least one training.

<sup>13</sup> Supported by the project in creating or strengthening farmer groups.

<sup>14</sup> 1 farmer per HH, total number of targeted HHs – 10,400 farmers

cooperatives etc. (disaggregated by gender) – GAFSP Core Indicator #14												Third Party Assessments	administrations
1.3 Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, Vitamin A and micronutrient supplements – project - GAFSP Core Indicator # 11 (new GAFSP indicators)	0	500	1000	2000	3500	5000		6000	Biannual	Project Progress Reports Third Party Assessments	PMU, PST, RDCCs, Dzongkhag & Gewog Adm.		
Component two: Enhancing Farmer Productivity													
2.1 Targeted crop area provided with flood irrigation- GAFSP Core Indicator # 6	0	200	500	700	900	1,200	1,346	Biannual	Project Progress Reports RNR Statistics Third Party Assessments	PMU, PST, RDCCs, Dzongkhag and Gewog administrations			
2.1 Targeted crop area provided with micro irrigation	0	50	100	150	175	200	250	Biannual	Project Progress Reports RNR Statistics Third Party Assessments	PMU, PST, RDCCs, Dzongkhag and Gewog administrations			
2.2 Number of water users with new/improved irrigation services - GAFSP Core Indicator # 8	0	500	1000	2000	3,000	3,700	4,065	Biannual	Project Progress Reports RNR Statistics Third Party Assessments	PMU, PST, RDCCs, Dzongkhag and Gewog administrations			
2.3 Number of farmers who have adopted an improved agricultural technology <sup>15</sup> promoted by the project in targeted project areas –	0	500	1000	2000	3000	3700	10,400 16	Biannual	Project Progress Reports Third Party Assessments	PMU, PST, RDCCs, Dzongkhag & Gewog Adm.			

<sup>15</sup> Improved Agricultural Technology = Including but not limited to - high efficiency irrigation, disease-free seeds and saplings, soil conservation, farm machinery, electric fencing, greenhouses, and any other technology provided by the project

<sup>16</sup> Calculated by assuming one farmer per HH. Total targeted HHs - 10,400.



and are of satisfactory quality.		timely	timely	timely	timely	timely	timely	timely			Gewog Adm.
4.3 Procurement of goods and works under this project is completed according to schedule.	n/a	on schedule	on schedule	on schedule	on schedule	on schedule	on schedule	on schedule	On-going	Project Progress Reports, Procurement reviews	PMU, PST, RDCCs
4.4 % of beneficiaries satisfied with services <sup>20</sup> provided by the project.	n/a	0	50	50	50	50	50	50	Mid & End of Project	Beneficiary Satisfaction Surveys	PMU

<sup>20</sup> Services: Any intervention under the project.