

with an average per capita **rice consumption of 110 kg**, the highest in South Asia. Bhutan is at a crossroads of the **triple burden of malnutrition**¹⁰, with anaemia and non-communicable diseases responsible for 69% of Bhutan's disease burden. Hence, it is of paramount importance to address and support **food self-sufficiency and nutrition security** priority of the government.

Bhutan is extremely vulnerable to climate change and natural hazards. The impacts of climate change and related hazards on the sector are manifested in the form of glacial lake outbursts, flash floods, windstorms, erratic rainfall, outbreaks of new pests and diseases, increasing human-wildlife conflicts and increasing incidences of forest fires. The livelihoods of people in Bhutan are highly dependent on climate-sensitive sectors (hydropower, tourism and agriculture). Furthermore, the agricultural sector emissions constitute almost two-thirds of overall emissions in the country. Hence combating climate change calls for accelerating climate change mitigation and adaptation interventions through scaling up **climate resilient** production, conservation, research, extension and sustainable business practices in the RNR sector.

The subsistence nature of the Bhutanese agriculture with small land-holdings results in **low economies** of scale and leaves very little scope for the private sector to operate. The weak integration and aggregation of the supply chain, limited investment in the value chain market infrastructure and technologies (e.g. roads, transport, storage, value addition infrastructure) and lack of production standards have all contributed to the **low competitiveness** of the sector. In light of this, there is a need to foster an enabling framework for **private sector** and to encourage **public-private** partnerships in the country, in order to strengthen **economic diversification** of the sector.

Due to increasing rural-urban migration, many women stay behind in the villages and become primary labour in agriculture; these women face growing **farm labour shortages**. Approximately 60% of the population is employed in agriculture. Threats to agriculture yields, food security and lack of livelihood opportunities have resulted in increased (internal) migration and an increasing **feminisation** of the agriculture sector resulting in more women working in the informal sector without access to social security, particularly those living in vulnerable situations and in poverty (such as women living in remote rural areas, women with disabilities, female-headed households). Adding to that, Bhutan has a challenge of high youth unemployment (estimated at 12.3%).

Lastly, there is a need to improve the **statistical capacity** at sector level, including collection of disaggregated data, in order to strengthen the Ministry's capacity to implement evidence based policy reform, review and programme implementation. Digital tools and technologies are key enablers in improving the data quality, data analytics and data consistency in order to address the diverse information needs of the RNR stakeholders.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The main **direct beneficiaries** of this action are the 67,000 farmers and farmers' families across the 20 Dzongkhags¹¹ and 205 Gewogs¹² of Bhutan, engaged in agriculture, livestock, forestry, fisheries, aquaculture and other associated livelihood activities in the RNR value chains. Within this group of direct beneficiaries, the action will specifically engage and target smallholder farmers, women and youth farmers, farmer cooperatives, highlanders (indigenous tribal), community based organisations, entrepreneurs and school children.

The **Gross National Happiness Commission** (GNHC) is a key stakeholder of the action as it is in-charge of the overall planning and coordinating agency for all sectors in Bhutan. The GNH Commission will be the co-signatory of the EU-Bhutan Financing Agreement implementing the action. The **Ministry of Agriculture and Forests** (MoAF) is the custodian of the RNR sector policies, as such it is the main implementing agency of this action. The Ministry is one of the largest ministries, with 3,421 regular and 1,134 contract employees (HRD 2019), four departments¹³, two non-departmental agencies¹⁴, two national level training and research centres¹⁵ and an overarching policy and planning division and directorate services¹⁶, with presence in all 20 Dzongkhags and 205 Gewogs. Out of 17 National Key Result Areas (NKRAs) identified in the National 12th Five Year Plan, MoAF leads the implementation of NKRA

¹⁰ Wasting – 4%, Underweight – 9%, Stunting – 21% and Overweight – 33.5%

¹¹ Districts

¹² Villages

¹³ Agriculture, Forestry & Park Services, Livestock and Marketing

¹⁴ Bhutan Agriculture and Food Regulatory Authority (BAFRA) and National Biodiversity Centre

¹⁵ Ugyen Wangchuck Institute for Conservation and Environment and Rural Development Training Centre

¹⁶ Human Resource, Legal, Statistics, ICT and Finance / Audit