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Strengthening supply chain capacity in Bhutan

Contextual challenges

As a land-locked country located in the eastern Himalayas, Bhutan has limited access and connectivity despite its direct proximity to major economic powers. Seventy percent of its land area is covered by forests located across six agro-ecological zones. With altitudes ranging from 100 to 7,500 meters above sea level, Bhutan's geographical terrains are challenging but also offer great economic opportunities. Bhutan is rich in natural resources, however it remains exposed to seismic activities and hydrological-related hazards.

Bhutan's vulnerable mountain roads and bridges, commonly impassable during the monsoon season, impact negatively on the effectiveness of the delivery of Government programmes and pose a major concern in the event of a natural disaster. The domestic road network is only connected to India. The only international airport, located in Paro, is considered one of the most dangerous in the world.

Capacity strengthening engagements

WFP prioritises its efforts in strengthening government capacity towards achieving long-term results and critical goals focused on national development. These priorities focus on the three main areas of humanitarian logistics, school feeding and nutritional development and agricultural resilience. WFP considers that strengthening nationally led supply chain coordination mechanisms with strong government leadership increases legitimacy and leads to robust supply chain capacity, both at national and sub-national levels, thus contributing to sustainable economic growth.

National supply chain and logistics preparedness

Following the enactment of the Disaster Management Act in 2013, the Royal Government of Bhutan (RGoB) adopted an incident command system and organised its emergency structure into eight emergency desks. Since that time, WFP has provided technical assistance in strengthening logistics desk capacity. During the RGoB's COVID-19 response, WFP provided eight mobile storage units and 12 shipping containers to the Department of Disaster Management (DDM) to enable

a flexible logistics response and to meet the immediate storage needs for food and emergency supplies. Investing in preparedness saves lives, response time and costs during emergency situations and reduces the need for international assistance mobilisation. Independent research has demonstrated that supply chain accounts for 73 percent of humanitarian response costs. WFP seeks to utilise its global network of partners and technical expertise to localise and strengthen national supply chain capacity in accordance with SDG 17 and WFP Bhutan's Country Strategic Plan (2019-2023). Empowering national responders and promoting collaboration and partnerships among stakeholders to address potential logistics constraints will lead to effective humanitarian assistance during disaster situations.

In collaboration with the Global Logistics Cluster, WFP Bhutan supported the transition of the logistics desk leadership from DDM to the Ministry of Agriculture and Forests (MoAF) in 2021. This transition enabled WFP to further support MoAF in establishing a national supply chain and logistics preparedness working group in August 2021, with a more inclusive membership base beyond public sector agencies. WFP also supported DDM in the construction of the first humanitarian staging area in southern Bhutan.



Supply chain support to the national school feeding and nutrition programme

Bhutan's education system has a long history with its school feeding programme. In the 1960s, provision of school meals started as a strategy to encourage higher completion of basic education among younger students. WFP's presence in the country in 1974 led to the establishment and scaling up of a school feeding programme with significant impact on access and quality of education through improved nutrition among other socio-economic benefits. School feeding remains a safety net for the most food insecure and vulnerable households, especially in remote areas of the country.

In 2019, WFP handed over the full operational management of school feeding to RGoB, who has successfully managed the resources to deliver nutritious food commodities to 101,000 school children, representing a coverage of 60 percent of the total student population in the country.

The Ministry of Education (MoE) currently manages the school feeding and nutrition programme for 500 schools across all of Bhutan's 20 districts.

The Food Corporation of Bhutan Limited (FCBL), the state logistics agency, supplies staples such as fortified rice, pulses, oil and milk products, while fruits and vegetables are provided by smallholder farmer groups located within the vicinity of each school.



FCBL's rice fortification plant in Phuentsholing

This arrangement with farmer's groups, supported by WFP, creates market assurance for farmers to produce in bulk and supply nutritious and locally available fresh food for the school children.

WFP, as part of its technical assistance to MoE, is establishing a cross-functional supply chain process map to improve understanding and standardise the tasks performed by all involved stakeholders. In 2021, WFP, in partnership with Singapore University of Social Sciences and HELP Logistics, supported MoE to pilot the implementation of a set of key supply chain performance indicators that align to globally recognised supply chain operations reference models. WFP will further support MoE in defining and incorporating supply chain functionalities within the RGoB's recently implemented Education Management Information System.

Improving logistics services to agriculture and national food system

Limited availability of arable land in Bhutan, extreme weather, and variable climates increase the challenges in the national agriculture sector. High food import dependence from India directly correlates with high production costs among many subsistence farmers who lack the scope and scale in terms of production and processing capacity, as well as market accessibility.

Further, a lack of adequate supply chain infrastructure, limited commercial services and an inefficient demand-supply market system have discouraged investments, thus resulting in lack of research, innovation, and competitiveness in the agriculture.

In 2021, WFP carried out a mapping of smallholder supply aggregation processes, in consultation with a Bhutanese agro-logistics marketing cooperative, that strengthened market understanding and identified areas for improvements in supply chain linkages.

In 2023, WFP will continue its supply chain technical assistance to enhance digital market information and demand aggregation analysis. Facilitated by improvements in supply chain infrastructures and transparency of supply chain information, WFP will also support identification of key supply chain performance indicators in the agriculture sector as part of its digitalization solution.

