



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. The country'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 and the only international airport, in Paro, is one of the most dangerous in the world.

Capacity strengthening engagements

WFP prioritizes its efforts in strengthening government capacity towards achieving long-term results and critical goals for national development. Strengthening supply chain coordination mechanisms with strong government leadership increases legitimacy and leads to robust supply chain capacity, both at national and sub-national levels, contributing to sustainable economic growth.

National supply chain and logistics preparedness

Following the Disaster Management Act in 2013, the government adopted an incident command system and organized its emergency structure into eight emergency desks. Since then, WFP has provided technical assistance in strengthening the logistics desk capacity.

During the government's COVID-19 pandemic response, WFP provided eight mobile storage units and 12 shipping containers to the Department of Local Governance and Disaster Management (DLGDM) to enable a flexible logistics response, and to meet the immediate storage needs for food and emergency supplies.

Investing in emergency preparedness saves lives, response time and costs for a response, and

reduces the need to mobilize international assistance. According to research, 73 percent of humanitarian response costs can be attributed to supply chains. WFP has utilized its global network of partners and technical expertise to localize and strengthen Bhutan's national supply chain capacity. By empowering national responders and promoting collaboration and partnerships among stakeholders to address potential logistics constraints, WFP aims for effective humanitarian assistance during any disaster.

In 2021, WFP and the Global Logistics Cluster (led by WFP) supported the transition of the logistics desk leadership from DLGDM to the Ministry of Agriculture and Livestock. WFP support has resulted in establishing a national Supply Chain and Logistics Preparedness Working Group, and the construction of the country's first humanitarian staging area in southern Bhutan. The working group and district officials were trained by WFP on the management of

humanitarian supply chain logistics to enhance their capacity in disaster scenarios.

Supply chain support to the National School Feeding and Nutrition Programme

In the 1960s, provision of school meals started as a strategy to encourage school enrolment. WFP's



presence in the country in 1974 led to the establishment and expansion of a school feeding programme that provided significant access to education and improved nutrition, among other socio-economic benefits. School feeding remains a safety net for food insecure and vulnerable households, especially in remote areas of the country.

In 2019, WFP transitioned management of the school feeding programme to RGoB, who successfully deliver nutritious food to 98,500 school children, representing 60 percent of the student population in Bhutan. The Ministry of Education and Skill Development (MoESD) currently manages the National School Feeding and Nutrition Programme (NSFNP) for 500 schools across all of Bhutan's 20 districts.

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



FCBL's rice fortification plant in Phuentsholing Photo: WFP/Tashi Lhundup

Supported by WFP, the smallholder farmers are provided with a market assurance to produce in bulk and supply nutritious and locally available food for schoolchildren. WFP, as part of its technical assistance to MoESD, is establishing a cross-functional supply chain process map to improve understanding and standardize the tasks performed by all stakeholders. In 2021, WFP, in partnership with HELP Logistics and the Singapore University of

Social Sciences, supported MoESD to pilot implementation of a set of key supply chain performance indicators that align to globally recognized models.

WFP will support MoESD in defining and incorporating supply chain functionalities within the government's Education Information Management System (EMIS). WFP supported MoESD organize decentralization of school feeding supply chain workshops in Chhukha and Lhuntse districts, in which challenges were identified, decentralization processes streamlined, and field-level readiness studied.

Improving logistics services to agriculture and national food system

While only 2.6 percent of Bhutan's land is arable, extreme weather and climate variables pose challenges to the agriculture sector. The high dependence on food import directly correlates with high production costs. Subsistence farmers also lack the scope and scale in terms of production and processing capacity, and market accessibility.

The inadequate supply chain infrastructure, limited commercial services, and an inefficient demand and supply market system have discouraged investments, resulting in an absence of research, innovation, and competitiveness in agriculture. In 2021, WFP in consultation with Bhutanese agro-logistics marketing cooperatives, mapped smallholder supply aggregation processes. This strengthened market understanding and identified areas for improvements in supply chain linkages.

In 2023, WFP continues its assistance by enhancing digital market information and demand aggregation analysis. WFP will support identification of key supply chain performance indicators in the agriculture sector as part of its digitalization solution.

Through the Building Resilient Commercial Smallholder Agriculture (BRECSA) project, WFP and the Department of Agriculture Marketing and Cooperatives (DAMC) will assess the current supply chain situation. The analysis will identify supply chain challenges such as demand forecast tools, storage facilities and transportation, farmers' ability to meet demands, and farmers' access to financial schemes. WFP and DAMC will further collaborate to produce constructive solutions to address the challenges.

