



Strengthening supply chain capacity in Bhutan

Contextual challenges

As a land-locked country in the eastern Himalayas, Bhutan has limited access and connectivity despite its proximity to major economic powers. Seventy percent of its land is covered by forests across six agro-ecological zones. With altitudes ranging up to 7,500 meters above sea level, Bhutan's terrains are challenging but also offer great economic opportunities. The country is rich in natural resources, however it remains exposed to natural disasters including earthquakes. The vulnerable mountain roads and bridges that are often impassable during the monsoon season can negatively affect the delivery of government programmes and pose a major concern in the event of a natural disaster. The road network is connected only to India, and the only international airport in Paro is called 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 national development goals. 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.

By empowering national responders and promoting collaboration and partnerships among stakeholders to address potential logistics constraints, WFP aims for effective humanitarian assistance during disasters.

National supply chain and logistics preparedness

Investing in emergency preparedness saves lives, response time, and costs and reduces the need to mobilize international assistance. WFP has utilized its global network of partners and technical expertise to localize and strengthen Bhutan's national supply chain capacity.

Guided by the 2013 Disaster Management Act of Bhutan, the Government adopted an incident command system and organized its emergency structure into eight emergency desks. WFP has provided technical assistance in strengthening the capacity of the logistics desk.

In 2021, WFP and the Global Logistics Cluster supported the transition of the logistics desk leadership from the Department of Local Governance and Disaster Management (DLGDM) to the Ministry of Agriculture and Livestock. WFP's support resulted in the establishment of a national supply chain and logistics preparedness working group and the construction of the country's first humanitarian staging area in Samdrup Jongkhar in 2022.

The working group and district officials have been trained in the management of humanitarian supply chain. The working group has also formulated a comprehensive national logistics desk operation manual to facilitate a streamlined logistics response from all relevant parties in emergencies.

A warehouse and inventory management training will be organized for frontliners manning



the four WFP-supported emergency coordination hubs in Thimphu. To enable a flexible logistics response, and to meet the immediate storage and distribution needs for emergency food and supplies, WFP provided 12 mobile storage units and 12 shipping containers to the DLGDM and the *De-Suung* (national service volunteers).

Supply chain support to the National School Feeding and Nutrition Programme

The Food Corporation of Bhutan Limited, the state logistics agency, supplies staples such as fortified rice, pulses, vegetable oil and milk products to the National School Feeding and Nutrition Programme (NFSNP), while fruits and vegetables are provided by smallholder farmer groups located within the vicinity of each school. 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 Ministry of Education and Skills Development (MoESD), is establishing a cross-functional supply chain process map to improve understanding and standardize the tasks performed by all stakeholders. WFP, in partnership with HELP Logistics and the Singapore University of Social Sciences, supported MoESD in implementing key supply chain performance indicators that align with globally recognized models.

WFP and MoESD are partnering to decentralize the school feeding supply chain in Chhukha and Lhuntse districts through targeted training. WFP will continue to support MoESD in defining and incorporating supply chain functions within the government's Education Information Management System (EMIS).

Improving the supply chain of the national food system

While less than three percent of Bhutan's land is arable, extreme weather and climate variables pose challenges to the agriculture sector. The high dependence on food imports directly correlates with high production costs.

Subsistence farmers also lack the scope and scale in terms of production and processing capacity, and market accessibility. 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.

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, as part of its digitalization solution, WFP supported the identification of key supply chain performance indicators in the agriculture sector.

Through the GAFSP-funded "*Building resilient commercial smallholder agriculture*" (BRECSA) project, WFP and the Department of Agriculture Marketing and Cooperatives will assess the current supply chain situation. The analysis will identify supply chain challenges, such as storage facilities and transportation, and produce constructive solutions to address the challenges.

