



Economic Contingency Plan

Series - I

Redesigning Development: Attaining Greater Heights



Build Bhutan Project



Tourism Resilience



Food Self Sufficiency

**Royal Government of Bhutan
(2020)**



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Redesigning Development: Attaining Greater Heights

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Foreword

My experiences as a doctor in triage tells me to make the most favourable decision in the shortest possible time and endure in the spirit of team work.

We see through such medical emergencies with empathy, guided by professionalism and driven by hope. Most situations in delicate times are beyond control but we give our best.

Fortunately, for Bhutan, His Majesty The King has not only secured his citizens from the pandemic through initiatives non-compromising but safeguarded the lives and livelihoods of every Bhutanese, a reflection of his boundless compassion.

A King spearheading this modern battle against the pandemic, where the entire nation unites against it, is beyond description. What we accomplished is miraculous.

The sacrifices of the King, complemented by its people's hard work, especially those on the frontline, have secured the nation from threats of a local transmission of the disease. This gave us the space and the fuel to move forward.

In doing so, complementing many of the noble initiatives and the measures introduced over the months, it is my pleasure to introduce the Economic Contingency Plan (ECP) Series I.

My aspiration is for the country to not just see through the challenging times but rise above the norm and complacency early, knowing there is no clear delineation

between now and post COVID-19. The disease has already entered the medical dictionary.

Even if there is a distinction, our intention is to draw the line closer. That way, we will already be dwelling in the "post COVID-19 era" with the prospect of rising to the so-called new normal.

Bringing the line closer will not just give us the chance to fight the disease efficiently, but also avert an intense economic downfall. It is also within these frames that we can draw measures to pace our growth trajectory.

In doing so, priority remains to ensure the safety of our population from the disease first. Only then can we consider initiating projects befitting standards of new normal.

The interventions brought about by the ECP are along the principles of building a resilient nation, ensuring economic security and enhancing self-sufficiency, the foundations of a new normal.

I have constantly reminded all officials involved that the interventions we introduce through ECP should evolve into something more permanent, the sort that defines Bhutanese character. It is in pursuit of a systemic transformation with a long-term national vision.

For one, a key component of ECP is the "Build Bhutan" project, devised to not just address, but professionalise existing gap in workforce in the construction sector. A

closer look offers a clearer perspective of the national vision to build the safety and security of our nation with our own hands, as it used to be once upon a time. How do we engage our youth in the construction sector? The problem is a conventional one with retold topics of low wage, and lack of required skills and long-term job security. By building on these components, we view with newer lens and targeted intervention. And so, what we initiate today need to sustain hereafter.

Tourism has come to a standstill but that does not dissuade us from rebuilding the sector and ensure engagement of those directly affected. A salient feature of ECP, of many, looks at long term policy issues to not just redeem but redefine tourism. We look at diversifying our products beyond cultural tourism, while also ensuring continuity of high-end destination.

The sealing of borders also narrows import of food but widens opportunity to produce our own. Therefore, we are revisiting our age-old practice of conventional subsistence farming with modern tools and innovative ideas. The agriculture ECP seeks to encourage farming and livestock production that sees year-round production and is not just market driven.

As different institutes get down to rolling these programs, I urge everyone to rise above the standard and be guided by

national interests. The new normal we talk about would be non-existent if we do not change the way we work. And so we must exercise prudence and work in coherence.

The challenges this pandemic has posed has also given us opportunities. Countries and people who are able to adjust to this new normal faster, have the opportunity of defining the post COVID-19 era better.

As we release the document, I bring to you His Majesty's message from the televised address on March 22. As a small country with small population, we have always worked together and overcome challenges of all sorts, big and small.

I offer sincere prayers and place my hope on the ECP to benefit the country and its people at all times. As the government, we will ensure that timely projects like these are initiated in series to suit the need of the COVID-19 era.

With His Majesty at the helm, and the government taking charge, together we can achieve this.



Dr Lotay Tshering
Prime Minister
Royal Government of Bhutan

Introduction

The global health crises caused by the COVID-19 pandemic has resulted in an unprecedented global economic crisis. Three factors make the current crisis unprecedented. First, no country has managed to remain unscathed. Second, in addition to plummeting demand, supply chains have been severely disrupted. Additionally, all developments point to the possibility of a protracted episode. Thus, we must orchestrate our responses accordingly.

While Bhutan has demonstrated exceptional competence in averting a public health crisis, the economy has taken a severe toll due to the unavoidable preventive and containment measures. The tourism and allied sectors in particular have been disproportionately impacted as evidenced by a sharp decline in revenue of more than 40% for the Fiscal Year ending 2020; demand is likely to remain frozen for the foreseeable future. The construction sector with its heavy reliance on foreign labour is experiencing a shortage of workers. Such supply-side disruptions are particularly pronounced for the sector given its high share of GDP and linkages to other sectors. A similar problem is evident in the agriculture sector as Bhutan remains critically dependent on India for imports, notwithstanding the unique opportunity presented by the current pandemic for domestic producers.

The Economic Contingency Plan (ECP) seeks to address the above issues and mitigate the impacts of COVID-19 by executing immediate coping measure while simultaneously initiating reforms and systemic changes that may trigger positive outcomes in the above sectors in the medium to long term.

The ECP report is presented in three chapters. Chapter one presents the Build Bhutan Project and discusses how to bridge the workforce gap created by the pandemic. Chapter two discusses the tourism sector and measures to enhance its resilience while engaging the laid-off to strengthen the sector's prospects. The final chapter dwells on increasing agricultural and livestock production to ensure food self-sufficiency.

Build Bhutan Project (BBP)

1.1 Background

The COVID-19 global pandemic has impacted various sectors of the country's economy, including the construction sector. The restriction on entry of foreign workers immediately after the outbreak of COVID-19 has created a large workforce gap in the

sector. As per the Labour Administration System with MoLHR, the total demand for foreign workers in the construction sector across the country was estimated at 35,567 as of June 2020. Out of this, the demand for skilled workers is 18,838 and unskilled is 16,729. As a result of the restriction,

Table 1.1 Shortage of foreign workers

Occupation	Workers with permit	Workers available in the country	Worker Shortage
Skilled			
Masonry	13,225	7,818	5,407
Carpenter	2,709	1,524	1,185
Steel fabricator	581	409	172
Plumbing	764	529	235
Electrician	157	118	39
Building painting	29	19	10
Operator	191	150	41
Rod binder	1,182	866	316
Total	18,838	11,433	7,405
Unskilled			
Unskilled with permit	16,729	9,639	7,090
Total	16,729	9,639	7,090
Grand-total	35,567	21,072	14,495

Note: Plumber and electricians fall under closed category. Therefore, as per the policy, no foreign workers are allowed under closed category. The foreign workers considered in the table above under the closed category pertain to IMTART, Project DANTAK & for hydropower projects.

Table 1.2 Potential workforce supply

Category	Number of people	Remarks
Registered unemployed	8756	As of June 2020
Laid off	3174	
Un-paid leave	7824	
Overseas returnees	2167	
Total	21921	

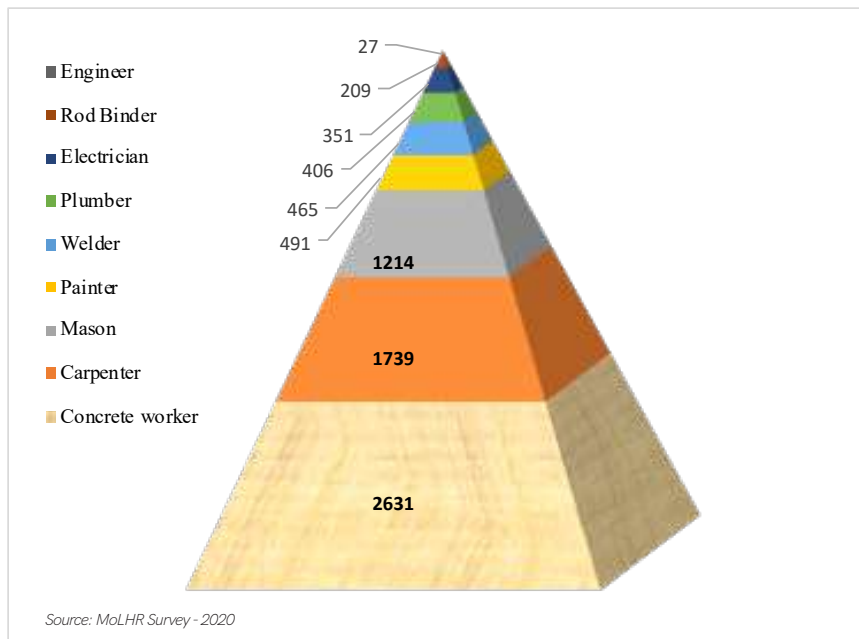
the supply for both skilled and unskilled workers are short by 7,405 and 7,090 respectively, making the total shortage of foreign workers 14,495.

The demand for skilled workers was also assessed through a survey conducted by the Ministry of Labour and Human Resources in March 2020 where 2,379 employers and contractors were interviewed. The survey

showed a demand of about 7,533 skilled workers, as shown in figure 1.

This needs to be assessed in light of labour requirements for the ongoing 12th Five Year Plan projects and additional projects, including those front loaded from the 12th plan and implementation of the ECP. It is evident that these require a significant number of workers, further exerting pressure on the workforce shortage.

Figure 1. Demand of skilled labour (Foreign worker Survey, March 2020)



On the other hand, the economic disruptions from the pandemic have also displaced a significant proportion of the domestic workforce. Notwithstanding the alternative employment preferences of the displaced, it is worth pursuing the possibility of redeploying these people to the construction sector. A conservative estimate places the total at 21921. They include, those registered as un-employed with the Ministry of Labour and Human Resources, laid off employees, employees on un-paid leave and overseas returnees.

On the surface, the numbers alone indicates the potential to match the significant demand through redeployment, although this will entail significant effort. Therefore, to match the demand for workers in the construction sector with the supply of workers, the Build Bhutan Project (BBP) is being initiated. The current situation provides a unique platform to address some of the most critical issues related to sector. First, it provides a significant opportunity to enhance the sector's share of employment as the usual sources of labour supply- from across the border- have been restricted. More importantly, it presents an avenue for undertaking further reforms related to professionalization, specialization and standardization. It is imperative that the

Government take the lead in initiating reform, given the significant volume of publicly funded construction in addition to its regulatory role.

Thus, the project will institute a range of strategies to meet the labour demand, especially that of skilled workers. The project will be implemented by the Ministry of Labour and Human Resources (MoLHR) in coordination with relevant agencies (MoWHS), Construction Development Corporation Limited (CDCL), National Housing Development Corporation Limited (NHDCL), Construction Development Board (CDB), Construction Association of Bhutan (CAB) LGs and the private sector.

1.2 Objective

While addressing the immediate workforce gap in the construction sector, the project is intended to address wider and longer-term objectives in the construction industry that include:

- Mobilizing, creating and managing a pool of skilled and unskilled workforce to meet the requirements of the sector,
- Professionalizing the sector's workforce
- Promoting the sector as an attractive avenue for employment

1.3 Key results



Employ 14,495
people in the
construction sector



Establish 18
specialised firms



Skill 6,702 people in 7
occupational trades in
construction

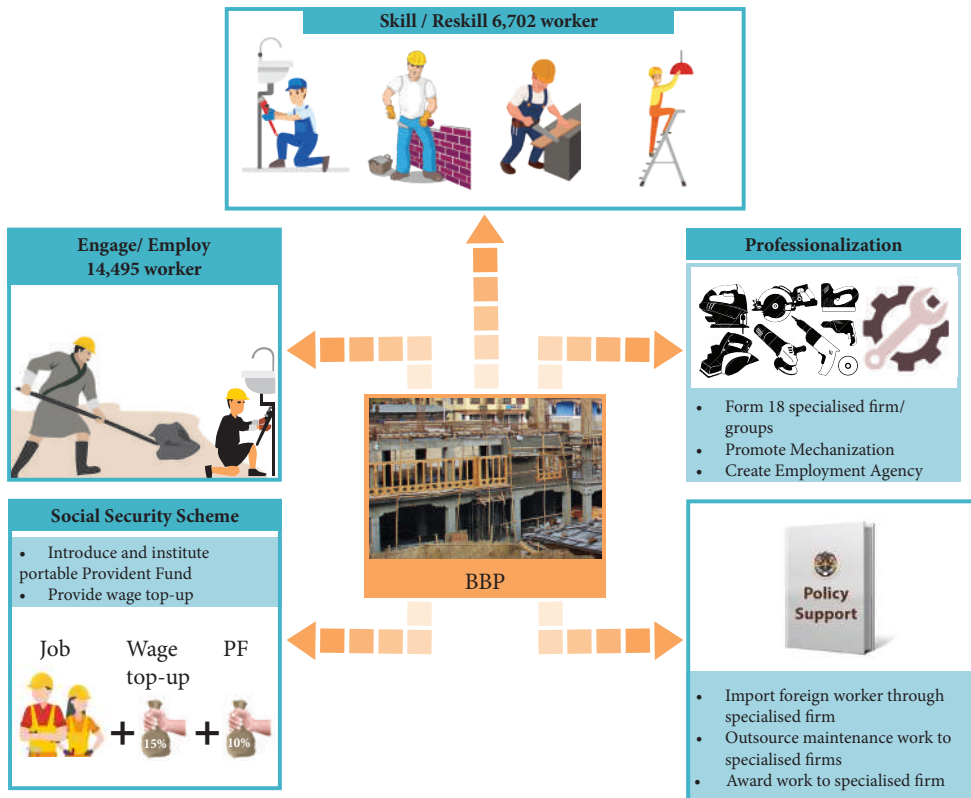
Key Indicators (KPI)

Baseline	Build Bhutan Project (BBP)	Target
0	Number of worker skilled in the construction trade	6,702
0	Number of worker engaged in the construction sector	14,495
0	Establishment of specialised firms	18

1.4 Strategy

To enable transformational change in the construction sector and to enhance its attractiveness as a source of employment

for Bhutanese, the strategic focus of the BBP will be geared towards building an enabling environment, including policy support, initiating reforms and providing incentives and benefits.



1.5 Programmes

The BBP will pursue the following 5 broad programs with immediate and medium to long term impacts to achieve its objectives

- 1.5.1) Engagement of laid-off, unemployed and overseas returnees in the construction industry
- 1.5.2) Creation of a skilled workforce by skilling and re-skilling
- 1.5.3) Provision of social security and incentives: a) Wage top-up; b) Personal Protective Equipment and workers uniform; and c) Provident Fund
- 1.5.4) Professionalization of the construction industry: a) Formation of specialised firms; b) Mechanization of construction industry; and c) Creation of an employment agency
- 1.5.5) Policy support: a) Enforcement of existing policies and b) Policy reform

1.5.3 Engagement of laid-off, unemployed and overseas returnees in the construction sector

The BBP will strive to attract and engage those unemployed, laid off and overseas returnees in the construction sector by introducing and instituting a wage top up in addition to their wages. The BBP will also institute a retirement security and benefit scheme, including provision of provident fund, participation in Government construction projects to start with, which will later be scaled up in the private sector based on the success of the program.

The BBP will target to meet the workforce shortage of 14,495 in the construction

sector. Building on the experience of the first phase and interest of the takers, the BBP will strive to work towards meeting the entire workforce shortage. In addition to facilitating the interaction and engagement of workers with employers, the BBP will also meet the surging demand for workers through labour saving measures like mass production of the construction component, mechanization, pre-fabrication and formation of specialised groups.

For engagement, the project will register and categorize interested job seekers into two groups: skilled and non-skilled. This is also essential to provide commensurate incentives to those who are skilled, motivate skilling among the unskilled, encourage constant up-gradation of skills and promote organized human resource development in the construction sector.

Table 1.3 captures the two categories of workers. Category 'A' workers are those with skills ready to be engaged with the employers while category 'B' workers are unskilled and would require skilling prior to engagement. In other words, BBP will match the category 'A' workers directly with the registered employers and contractors for immediate engagement in the construction sector.

Out of the pool of registered workforce, there is a risk that some of them, primarily unskilled ones, would prefer to engage in the construction sector temporarily only and may revert to their respective sector/ occupation once economic activity revives. Nonetheless, the BBP, through the incentives discussed above, will encourage

Table 1.3 Category of workers for Engagement and Skilling

Categories	Skills Qualification	Remarks
Category A	Skilled workforce - NC2, NC3, Diploma or UG in construction trades	Ready for engagement
Category B	No skills qualification (Class X and above and laid off after COVID-19)	Potential to engage in skilling, and engagement

Table 1.4 Foundational Course training and duration

Sl. No.	Course	Level	Duration in Months	Remarks
1	Masonry	NC2	1.5	Bar bending, scaffolding, plastering (PoP), marble/ tile laying
		NC3	0.5	
2	Construction Carpentry	NC2	2.0	Window/door frame making, roofing, flooring
		NC3	0.5	
3	Plumbing	NC2	1.0	Internal/external piping, fitting, conduiting
		NC3	0.5	
4	Domestic Wiring	NC2	0.5	House wiring, industrial wiring, security wiring
	Industrial Electrician	NC3	1.0	
5	Welding	NC2	1.5	Fabrication, roofing, railing
		NC3	1.0	
6	Excavator/Backhoe Operation	NC2	1	
		NC3	0.5	
7	Building Painting	NC2	0.5	

the workers skilled in construction trade to adopt a longer-term perspective and pursue a career in the construction sector.

1.5.4 Creation of a skilled workforce

The BBP will also provide skilling, re-skilling and up-skilling opportunities to those registered for engagement in construction works. A total of 6,702

workers will be skilled at the NC2 level out of which an estimated 855 will further pursue an NC3 level certification. The skilling target is based on the maximum carrying capacity of TTIs. The skilling will be done through compressed unstructured training programs with 20% of it conducted at the Technical Training Institutes (TTI) as foundational courses and the remainder 80% conducted at

the designated companies in the form of on-the-job training or attachment.

While the skilling programme will require the Technical Training Institutes to operate at full capacity to meet the labour requirements of the construction sector, realistically, the BBP may not meet the entire demand for labour. Therefore, labour saving strategies like mass production, standardization of building components, pre-fabrication etc. will be pursued.

During the skilling program, BBP will provide a monthly stipend of Nu. 6,000 per person, in addition to food and accommodation facilities provided by the TTIs.

Immediately upon enrolling in the skilling course, the TTIs will offer foundational courses, which will include theory and basic hands-on practical training. Once the formal training is complete, the BBP will attach the trainees with the skilled workers of the designated companies, viz. state-owned companies, private companies and other interested companies for a project duration of more than one year. The companies will supervise and provide handheld training. The partnering companies will provide basic accommodation for the trainees during the attachment period.

The concerned TTI will closely monitor the trainees while on attachment with partnering companies. To ensure quality and relevance of trainings, the TTIs will review and update the effectiveness of their modules and curriculum periodically.

Upon completion of trainings under different occupations, the project will provide one time free equipment and tools. The government will also work with the suppliers to ensure availability of such tools and equipment in the market for purchase.

Assessment of workforce

A National Assessment will be conducted through Recognition of Prior Learning (RPL) upon completion of the skilling program. The assessment will be flexible and conducted as and when the trainees acquire all required competencies of their chosen specialization. However, the assessment needs to be done within one year of completion of each training. The TTIs shall coordinate and provide information on the number of trainees to be assessed, their qualification level and formative assessment report to the Department of Occupational Standard (DOS) for RPL assessment at the NC2 and NC3 level.

The certification of local artisans such as stone mason (Dozop) who do not have any former qualification will also be explored.

1.5.5 Provision of social security and incentives

a. Wage top-up

In order to enhance the attractiveness of the sector, it is critical to institute an attractive wage and benefit scheme. The prevailing wages in the construction sector merits a revision if we are serious about transforming the sector. Otherwise, the BBP may simply be seen as a temporary respite for those facing

a difficult financial situation. It is equally important to be cognizant of the undesired implications that such revision may have on the economy especially in distorting the relative wage rate of the sector. Specifically, a relatively high wage rate in the sector may divert labour from other sectors and create shortages in critical and labour intensive sector like agriculture.

The BBP's incentives scheme have been devised to mitigate such potential externalities. Accordingly, a monthly wage top-up of 15%, will be offered above and beyond the wage paid by the employer, depending on the workers' level of skills. However, if the engagement duration is less than a month, the wage top-up will be provided on a Pro Rata basis. Some of the merits of this option include: the attractiveness of the overall worker pay package(almost comparable with RGOB and CDCL remuneration packages); recognition and compensation based on skills (motivation for re-skilling and up-gradation); motivation to work in the construction sector

which would ultimately enhance the image of the sector; and the financial implications to the government is modest.

The wage top-up shall be paid to the employee upon fulfillment of the following:

- Upon signing of contract agreement with the employer and issuance of appointment letter, and
- Signing of an undertaking letter by the employee.

The employers shall have options to engage the employee on contract or sub-contract basis, or daily wage/monthly salary basis.

Additionally, the employers shall ensure that employees are provided with accommodation facilities at the work site as per the minimum prescribed standard.

b. Personal Protective Equipment and Worker uniform

In addition to the wage top-up, the BBP will provide basic Personal Protection Equipment



Table 1.5 Monthly Wage Package (Employer + wage top-up) by occupation

Skills Level	Category	Minimum Market Monthly Wage to be paid by employer (A)	Wage Top-up 15% (B)	PF contribution		Possible Wage package (A+B-C)
				Employee 5% (C)	BBP 10% (D)	
Engineer	Category A	Nu. 20,000	Nu. 3000	1000	2000	Nu. 22,000
Diploma		Nu. 18,000	Nu. 2700	900	1800	Nu. 19,800
NC3		Nu. 16,500	Nu. 2475	825	1650	Nu. 18,150
NC2		Nu. 15,000	Nu. 2250	750	1500	Nu. 16,500
Unskilled	Category B	Nu. 12,000 (Nu. 400 per day)	Nu. 1800	600	1200	Nu. 13,200

Note: The minimum monthly wage to be paid by the employers for various skill types is a conservative estimate, lower than the prevailing market wage rates. Therefore, employers shall ensure that the wages paid are not lower than this estimate.

(PPEs) to the workers engaged under this project to ease the employer's financial burden and to improve the working conditions and environment in the construction sector, although the *Regulation on Occupational Health, Safety and Welfare 2012* and the *Regulation on OHS for Construction Industry 2012* mandates employers to provide them. The BBP will also provide work dress to start with as an added incentive.

c. Provident Fund (PF)

The introduction of a social security and benefit scheme that offers long-term benefits to the employee as well as to the construction sector is overdue. The BBP is working with the National Pension and Provident Fund (NPPF) to institute a PF system for the employees engaged under the BBP. The BBP will contribute 10% of the employee's basic salary to the PF and will require the employee to contribute 5% to make the total PF contribution of 15%. This arrangement will be operational for the first year of the project only. From the second year, the contribution will involve a tripartite arrangement, whereby the BBP, employee and employer contribute 5% each.

Since the PF is intended to provide long-term retirement benefits, all employees will be encouraged to contribute and save till they superannuate. However, there is a flexibility to withdraw the contribution as and when required. If an employee wishes to withdraw the entire PF, the employee will require at least one year's worth of engagement and contribution. An employee wishing to withdraw

without completing the one-year term will be eligible to withdraw only their share of the PF contribution while the BBP contribution of 10% will be ploughed back to the project.

1.5.6 Professionalisation of the construction industry

a. Formation of specialised firms

The BBP will initially target the formation of 18 specialised firms and groups, with three groups each in the 6 occupational categories (electrical (house wiring), plumbing, construction carpentry, steel fabrication, masonry and building painting). In this regard, the BBP will facilitate and provide the following support:

- Registration and obtaining business licenses and providing tools and equipment like personal protective equipment;
- Provide short term tailor-made construction management and entrepreneurship trainings;
- Opportunities to avail concessional working capital loans with interest rates as low as 5%;
- Policy support by reviewing the current foreign worker policy and awarding contracts on maintenance works directly to the groups. The BBP will also work to incorporate prefab windows and doors in the Bhutan Schedule of Rates to promote such works which can be done by the groups.

In essence, the BBP will strive to support the formation of specialised groups and

assist them until they become established and competitive in the construction industry.

b. Mechanisation of construction industry

A priority that needs to be urgently addressed in the construction industry is mechanization to enhance efficiency and quality. Indeed, there is significant scope for technological penetration given the breadth and intensity of innovation in the sector as evidenced by the adoption of telemetry, mobile apps, autonomous heavy equipment, drones, robots and 3D printed buildings.

To stay abreast of such technological developments, the BBP will promote the following medium to long term measures, among others, in collaboration with other key stakeholders.

- Incentivise adoption of mechanisation and professionalisation in the Government Procurement Rules and Regulation, where deemed relevant.
- Encourage sector-wide mechanisation by providing subsidies, incentives and working capital.
- Support establishment of building component manufacturers to manufacture prefabricated or readymade building components particularly for wood works like windows and door frames.
- Explore opportunities to provide concessional working capital loans at as low as 5% interest rate.

c. Creation of Employment Agency

In pursuit of the BBP’s long term objectives, the MoLHR in collaboration with MoWHS will work on the creation of an Employment Agency in the construction sector. The objective of the agency is to provide a sustainable supply and management of skilled construction workforce to ultimately make the construction industry a key sector in generating employment opportunities.

Additionally, the agency is expected to cater to the worker’s social security and benefits like provident fund, gratuity, and insurance, paid leave, bonuses, etc. In this regard, referring to relevant legislations, policies, regulations, RCSC’s agencification framework, the MoLHR will commission a thorough assessment and establish a relevant agency which could be in the form of a government agency, an autonomous agency, a SoE or a private entity.

1.5.7 Policy support

In order to successfully implement the BBP and bring transformational change to the construction sector, it is essential to embrace reforms and enforce the implementation of existing policies such as the National Construction Industry Policy. Some of the areas recommended for reform and enforcement are:

Policy Reforms:

- i. Instituting portability of PF schemes among the employers to enable Labour mobility.

- ii. To encourage investment in prefab firms, the use of prefabricated windows and doors should be mandatory for all public construction works. The MoWHS shall incorporate the prefab windows and doors in the Bhutan Schedule of Rates (BSR) to enable procuring agencies to account it in their Bill of Quantities (BoQ).
 - iii. The MoLHR to review and streamline the Foreign Workers Policy to ensure an appropriate balance between foreign and local workforce.
 - iv. All government agencies to outsource maintenance and repair works to the specialised firms.
 - v. Allowing the import of foreign workers through specialised firms only.
- iii. The Procurement Rules and Regulations (PPR) and Standard Bidding Document (SBD) 2019 prescribe sub-contracting of specialised trades to the registered specialised firms with some conditions. However, this is yet to be enforced. The procuring agencies shall adhere to the provisions to ensure that specialised firms are promoted.

Policy Enforcement:

- i. The MoLHR will enforce the Foreign Workers Policy and the entry of foreign workers falling under the 'Closed Category'¹ should be strictly monitored.
- ii. The LGs and the procuring agencies shall strictly adhere to the provisions of the Bhutan Building Regulations 2018 that requires plumbing and electrical works to be done by the certified plumbers and electricians respectively and non-compliance should result in non-issuance of occupancy certificate by the LGs.

¹ _____ Closed category refers to plumbing and electrical trade. Import of foreign workers, as per the existing policy, for these trades is not permissible.

Table 1.6 Steps for Engagement and Skilling

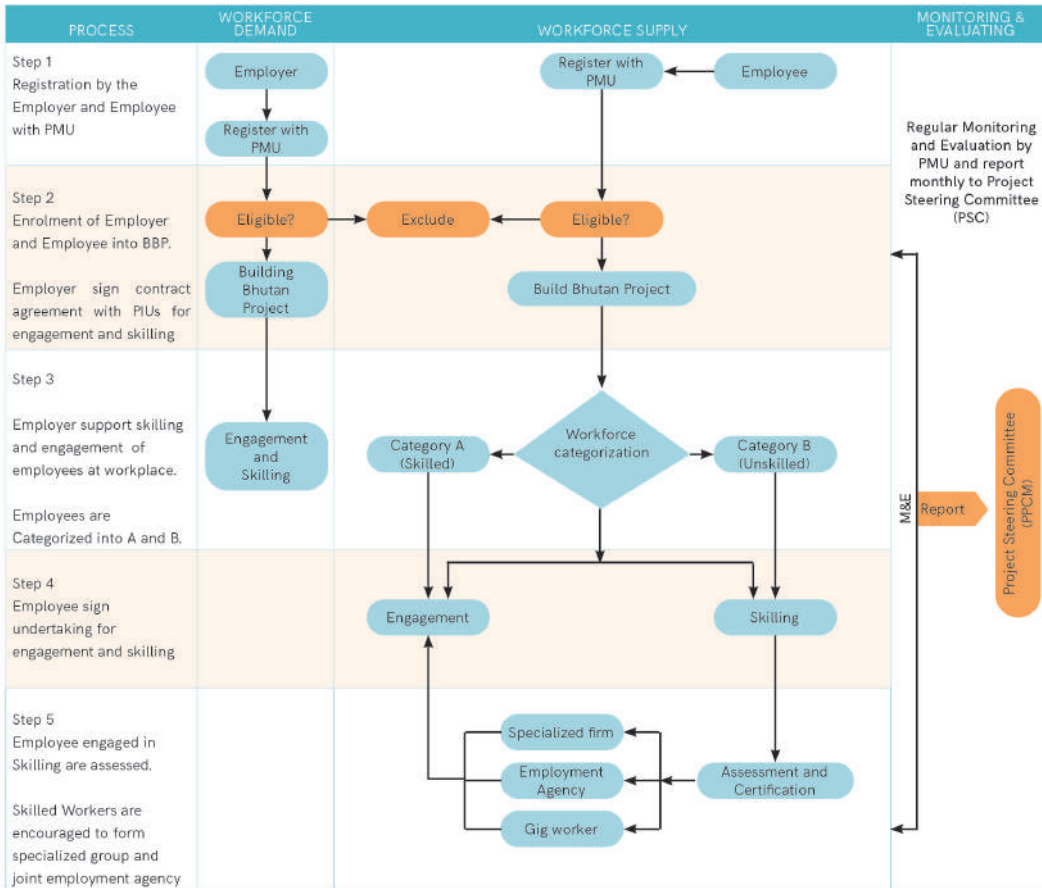


Table 1.7 Program profile and budget

Sl. No.	Activity	Target number	Unit cost in Nu.	Budget (in Million Nu.)	Remarks
1	Wage top-up + PF (engagement)	7,000	4,075	423	For 12 months duration
2	Trainees stipend (NC2)	5,847	6,000	52.6	Average of 1.5 months
3	Trainees stipend (NC3)	855	6,000	5.13	Average of 1 month
4	Food & accommodation for trainees (NC2)	5,847	3,000	26.3	Average of 1.5 months
5	Food & accommodation for trainees (NC3)	855	3,000	2.57	Average of 1 month
6	Development & printing of Curriculum	6	1,145,000	9.68	NCS @ 0.120m, CBC @ 0.650m & printing @ 300*750
7	Training materials	6,702	10,000	67	
8	Basic hand tools & PPE (Skilling)	6,702	30,000	201.1	
9	Basic PPE during engagement	7,000	10,000	70.0	
10	Pay & benefit for additional instructors	18	31,000	13.4	
11	Assessment & Certification	6,702	8,000	53.6	
12	Monitoring & Evaluation of skilling program			30.00	M&E budget for DTE and TTIs
13	Specialised groups formation			21.02	18 groups
14	Induction course for specialised groups	18	200,000	3.60	18 groups
15	Long term feasibility study			1.00	
16	Overhead expenses			60.00	Expenses for PSC, PMU, contingency & M&E budget for PIUs
	Grand Total			1,040	

Table 1.8 Implementation Timeline

Sl. No.	Activity	Timeline
1	Formation of Project Steering Committee (PPCM) and PMU	April 2020
2	Commencement of registration process	May 2020
3	Launch of skilling and assessment	July 2020
4	Launch of engagement	July 2020
5	Monitoring and Reporting	July 2020

Tourism Resilience

2.1 Background

While the COVID-19 pandemic has created varying degrees of challenges for all sectors, the tourism sector has come to a complete standstill as a result of the border closure and travel restrictions. Bhutan saw more than 2400 cancellations of VISA during the onset of COVID-19 in March and the closure of many hotels and allied businesses catering to the sector. Indeed, the tourism sector in Bhutan started bearing the impact of COVID-19 as early as November 2019 with the cancellation of travel plans.

The two notable impacts in the sector are the loss of livelihood for Bhutanese dependent on the sector and revenue foregone for the country in terms of convertible currency. The revenue from the tourism sector sharply declined by 41% in 2019/2020 compared to 2018/2019 (Budget Report 2020).

The sector is critical to Bhutan's economy due to its diverse linkages with other sectors. While the impacts of the pandemic have been devastating, it also

provides an uninterrupted context to address longer term policy issues while also enhancing its infrastructure and diversifying its product base by engaging the displaced in the medium term.

2.2 Objective

Against this backdrop, the tourism sector contingency plan aims to:

- Immediately engage those who have been displaced to provide a source of livelihood;
- Professionalise employees in the tourism sector, identify new tourism products and provide a face-lift for tourism infrastructure through enhancement and beautification as part of an engagement program for displaced employees;
- Strengthen tourism governance;
- Overall, work towards maintaining and promoting Bhutan's image as an exclusive high end and sustainable tourism destination.

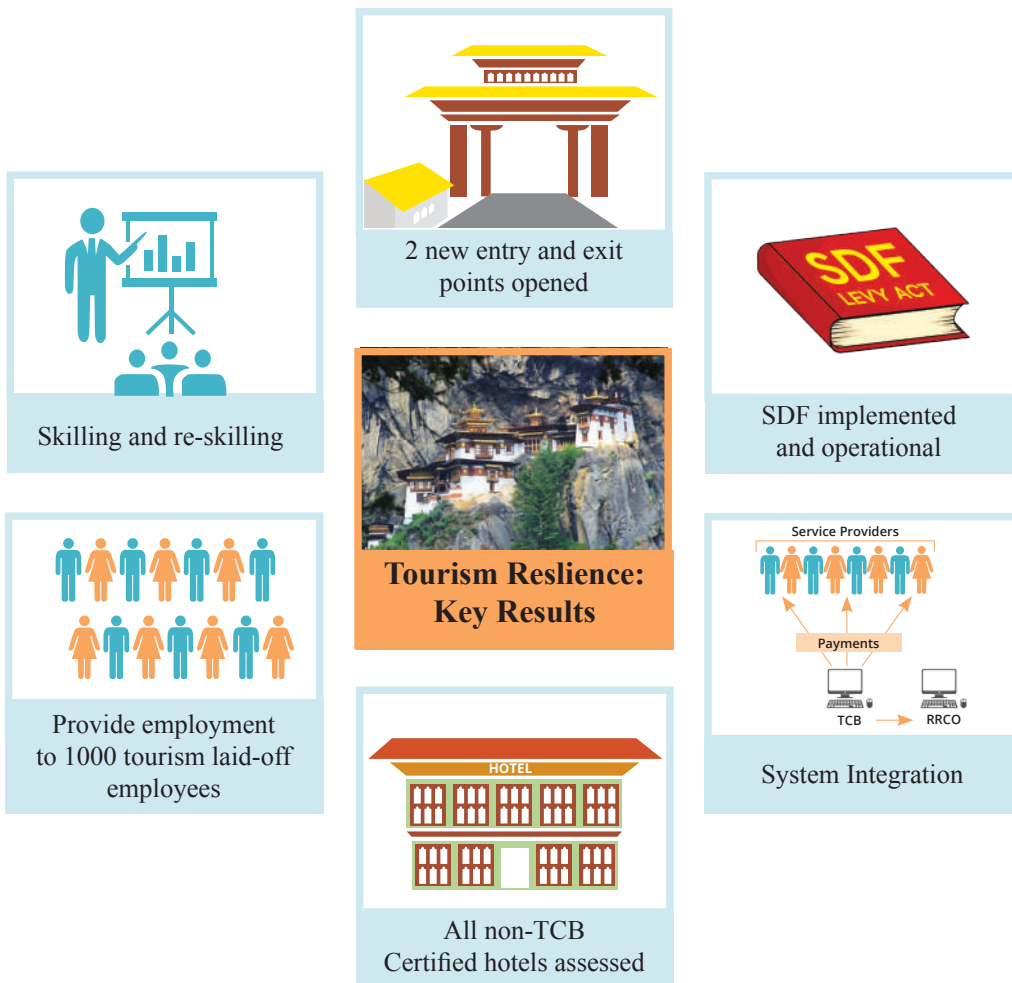
2.3 Strategies

- Award Tourism ECP works to tourism related associations, Dzongkhags and other relevant organizations to

- engage the displaced;
- Collaborate with training institutions to provide advanced training and skilling programs;
- Implement “cash for work” modality (Cash paid right upon the completion of work);

- Partnering with Build Bhutan Project to provide longer term engagement and employment opportunities for people displaced from the Tourism Sector as short-term engagement programmes under Tourism ECP may not be financially sustainable.

2.4 Key Results



Key Indicators (KPI)

Baseline	Tourism Resilience	Target
0	Number of displaced engaged	>1,000
0	New entry and exit point opened and operational	2
	SDF implemented and operational	

2.5 Programmes

To realize the above objectives, the following four broad programs intended to provide immediate engagement have been designed under the tourism ECP.

- Infrastructure and product development
- Surveys and studies
- Training and re-skilling
- Waste management.

The programs have been planned in two phases spanning over nine months. Phase I ran from April to June 2020, while phase II covers the period from July to December 2020 targeting more than 1000 displaced employees.

2.5.1 Infrastructure and product development

This component includes re-development, beautification and up-gradation of tourist destinations and monuments. Additionally it includes development of new trails, quality roadside amenities, campsites and beautification works. This component with a fund allocation of Nu 44.86 million

is expected to generate employment for around 343 persons. The infrastructure and product development sites have been identified based on the frequency of travel to these places both by tourists and nationals.

2.5.2 Surveys and studies:

a. Tourism Resource Inventory (TRI)

TRI is a comprehensive data base encompassing tourist attractions, products, services and infrastructure that are available at various locations. The resource inventory can serve as a valuable tool and reference for both tour operators and tourists alike. The first and only resource inventory survey was conducted back in 2005. The current resource inventory survey aims to build on the previous survey and provide access to an updated comprehensive tourism resources information system, including historical details and significance of each tourism resource.

The resource inventory survey will be conducted across 20 Dzongkhags and 205 Gewogs by enumerators through administered questionnaires using tablets to record information of potential tourism resources. A total of 73 enumerators, mostly laid off tourism employees will be recruited and trained for this survey and engaged for seventy days. An indicative fund of Nu. 16.68 million has been proposed to complete the survey.

b. Update Google Street View Imagery

Google Street View (GSV) is a technology featured in Google Maps and Google Earth that provides interactive street level imagery. It has now expanded to include cities and rural areas worldwide. Google Street View displays sceneries of stitched images. GSV in Bhutan was last launched in 2014 by the Ministry of Information and Communication (MoIC) in collaboration with Google. Since then, no updates were made despite significant changes in the urban landscape. Therefore, the proposed GSV initiative aims to update the entire street view of the country capturing the latest images that will be useful for the general public and tourists.

The GSV initiative, including required fieldwork, will engage around 10 laid off guides and professional photographers for three months starting from April to June 2020. The team will be trained and field work will be piloted in two identified Dzongkhags prior to scaling it at a national level.

Once the initiative is complete, users, potentially tourists can have easy access to information, including cultural, religious and heritage attractions; nature-based attractions; recreations and special events by visiting Google Maps or Google earth.

2.5.3 Training and re-skilling:

Capacity building of the industry personnel will be undertaken in collaboration with the relevant stakeholders. This will allow different target groups to enhance their skills, product diversity and professionalism of the tourism sector. The capacity building areas have been identified based on emerging trends in the tourism industry. This will ultimately contribute towards strengthening the tourism workforce resulting in a more satisfying experience for future visitors. Some of the trainings identified under this program are:

- a. Handicrafts and souvenir production for handicraft persons;
- b. Hotel assessment;
- c. Wellness and Spa (Sowa Rigpa);
- d. Up-gradation of guide course;
- e. Advanced food production.

The above training programmes will be conducted in the established tourism and hospitality training institutes and hotels to support the private sector. Additional trainings may be included based on emerging needs.

2.5.6 Waste management.

As a high-end tourist destination, maintaining the country's aesthetics is imperative. Waste management is increasingly becoming

a prominent issue requiring immediate attention. Therefore, this activity will focus on managing waste along the most frequented trekking routes and tourist hotspots through cleaning, advocacy and awareness programs on waste. The laid off employees from the tourism industry will be engaged to implement this activity with a fund allocation of Nu. 5.006 million.

2.6 Programs with medium to long term impacts:

While short term programs are being implemented to immediately engage the laid off, the following programs relating to governance and operations with expected medium to long term impacts are also recommended to prepare the sector for re-opening once the pandemic abates.

1. Readiness to implement Sustainable Development Fee (SDF);
2. New Entry Points;
3. Assessment of budget hotels;
4. System Integration.

2.6.1 Readiness to implement Sustainable Development Fee (SDF)

As part of the preparedness and readiness to reopen the tourism sector, the implementation modality for the Sustainable Development Fee for regional tourists is being finalised. Towards this, an interim Standard Operating Protocol (SOP) for SDF has been drafted and will be implemented until the full Guideline for Management of Regional Tourism is rolled-out as part of the National Tourism Policy. The SOP is intended to facilitate

and guide the payment of SDF by regional tourists; delineate the roles and responsibilities of stakeholders in terms of the SDFs and enhance professionalism; and service delivery for regional tourists.

2.6.2 New Entry Points

To prepare for the re-opening of the sector and facilitate a more proportional spread of tourists across the country, especially in the southern foothills of Sarpang, Gelephu and Samdrup Jongkhar with favourable weather conditions in winter, two new entry points with integrated Check post facilities will be set-up at Gelephu and Samdrup Jongkhar. Around 35% of the international tourists who visited Bhutan in 2018 cited Bhutan's favourable weather condition as the primary reason for their visit (Bhutan Tourism Monitor, 2018).

2.6.3 Assessment of Non-TCB certified Hotels

Currently, it is mandatory for Minimum Daily Package Rate (MDPR) tourists to stay at least in 3-Star hotels certified by the TCB. However, similar regulations do not exist for non MDPR tourists. With the surge in non MDPR tourists in the country, demand for uncertified hotels has increased leading to their proliferation, which now has crossed over 500. While licensing of non-star hotels and apartments are within the purview of Ministry of Economic Affairs (MoEA), there is no standard regulation, guideline or a lead agency to monitor the standards or quality of services offered by such accommodation

providers. Further, the implementation of the Sustainable Development Fee necessitates regional tourists to stay in certified hotels. Therefore, the TCB as part of its SDF preparedness strategy will conduct a nationwide survey of these uncertified hotels for possible certification and preparation of way-forward. The survey will be conducted by trained tour guides, hotel staff and tour operations staff.

2.6.4 System Integration

Pursuance to the government's initiative of improving service delivery and information sharing, TCB has developed various online systems to cater to the relevant stakeholders. Currently, there are over five tourism systems, including *Tashel* visa online and costing system. However, the

lack of integration among these systems and information sharing perhaps creates loopholes that enable undercutting and tax evasion.

The intent of the proposed integration is to ease business processes like transferring of tour payments and refunds. TCB will implement this system together with the banks in a phased manner.

Under this system, the payment aggregator of the respective banks will be integrated into *Tashel* through use of the required Application Programming Interface (API). Upon integration, the current practice of making manual updates for credit advice received from the banks will be automated and the service delivery Turn Around Time (TAT) will be significantly decreased.

Table 2.1 Program profile and budget

Phase I			
SL No	Activities	Budget Outlay (m)	Employment Generated
1	Hotel Assessor's training and assessment	2.50	24
2	Bumdrak trek	0.21	19
3	Druk Path trek	0.39	24
4	Jhomolhari- Yaktsa trek	0.66	20
5	Gasa (Construction of retaining wall)		5
6	Dagala 1000 Lakes trek	0.43	16
7	Rehabilitation of day hike within Thimphu	0.35	20
8	Training on Sowa Rigpa	0.39	20
9	Re-skilling for handicrafts craftsman	16.00	60
10	Google Street view imagery refresh project	10.00	10
11	Footstep of Terteon Pema Lingpa	2.25	5

CHAPTER 2 : TOURISM RESILIENCE

12	Tree plantation and beautification along Thimphu-Paro Highway	10.51	46
13	RSA – Chendebji, Trongsa	2.85	20
14	Taksang site development	12.80	70
15	Cleaning program in Thimphu		100
16	Tran Bhutan Trail- Trongsa	20.62	315
17	Construction of safety railing leading to Menchu at Dobji Dzong, Paro	2.80	15
18	Road side amenities (RSA) – Ura, Bumthang	1.84	25
19	RSA – Mebartsho, Bumthang	1.84	12
20	Jomolhari-laya-Gasa	0.68	21
21	Facelifting of Punakha High School roadside park	10.00	10
22	RSA – Rimchu, Punakha	2.80	25
23	RSA – Dodena, Thimphu	2.80	25
	Total	102.7	907
Phase II			
1	Development of footpath at Tamchog Lakhang in Paro	7.00	20
2	Installation of safety railing at Chari monastery in Thimphu	0.15	10
3	Enhancement of Bumdra trek route in Paro	2.00	25
4	Construction of restroom facility at Dodena in Thimphu	2.80	25
5	Development of Dagala Trek route from Thimphu (Genekha-Chamgang) to Dagana	4.80	27
6	Facelift and beautification of the Centenary Farmers Market in Thimphu	13.00	30
7	Enhancement of 60km biking trail around Thimphu city	3.50	30
8	Enhancement of Phajodhing trail	5.70	30
9	Tree plantation and beautification at Kuenselphodrang in Thimphu	10.00	50
10	Upgradation of cultural guides on trekking course	3.96	90
11	Advance Food production on Continental, Thai and Chinese Cuisine	5.00	50
12	Advance level Food and Beverage Service Training	3.95	100
13	Training course on wellness, meditation, spa and sowa rigpa	1.03	70
14	Tourism Resource Inventory Survey	16.68	73
15	Digitization of trek route - Snowman trek	1.57	14
16	Beautification and Product Development in 3 Dzongkhags	48.13	
	Total	129.27	644
	Grand Total	232.00	1551



Food Self-sufficiency and Nutrition Security

3.1 Background

The agriculture sector employs 51 percent of the population (*Labour Force Survey, 2019*) but contributes a disproportionately lower 16 percent of the country's GDP (*National Accounts Statistics, 2019*). While Bhutan's economy has evolved from its agrarian beginnings productivity in the sector is still extremely low, reflecting limited commercialisation, mechanisation and scarcity of land among other constraints. Despite successive five-year plans pursuing self-reliance, Bhutan remains overly dependent on India for agriculture and livestock imports. This is bound to grow as a result of increasing population and economic growth. However, the current pandemic and border restrictions has limited access to the Indian source market.

However, this also provides an opportunity to pursue the elusive goal of food self-sufficiency by increasing production and ultimately achieving import substitution, at least in a few agriculture commodities and livestock products to start with.

The agriculture sector contingency plan therefore seeks to boost agriculture and livestock production by providing a range of support measures across the value-chain that include technical assistance and additional support for marketing, value addition and providing year-round connectivity and road access.

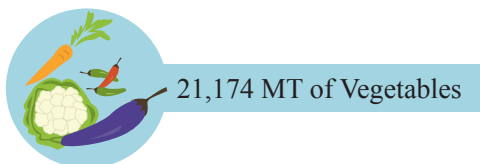
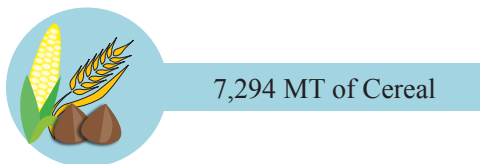
3.2 Objective

The key objective of the agriculture ECP is to:

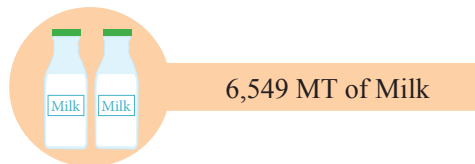
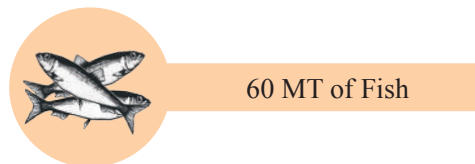
- Boost agriculture and livestock production for food self-sufficiency, nutritional security and income generation;
- Bring back potential fallow lands under crop production;
- Provide alternate employment and income generation opportunities for displaced people;
- Improve and enhance market access and marketing of agricultural and livestock products

3.3 Key Results

Cereal Production



Livestock Production



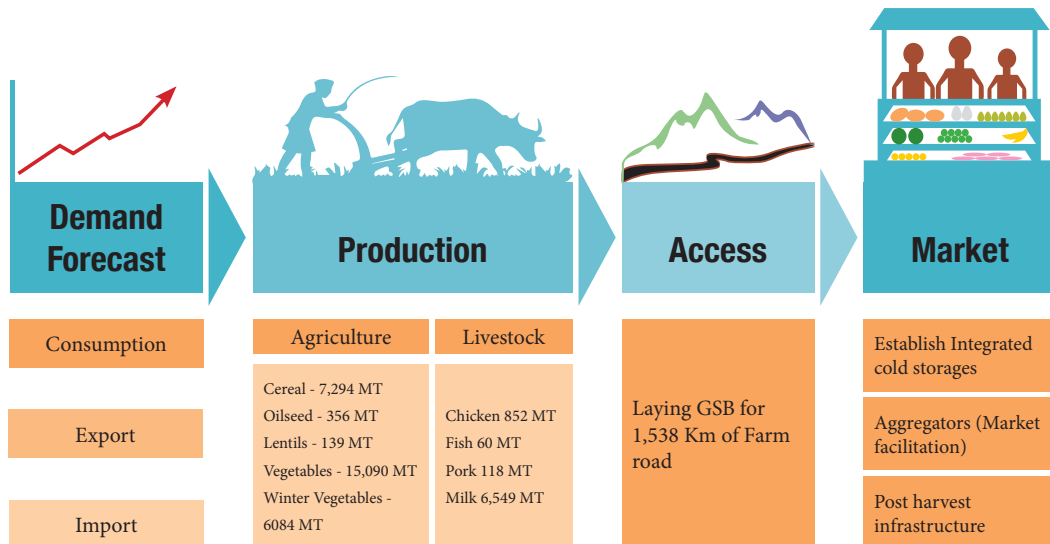
Key Indicators (KPI)

Baseline	Food self sufficiency and Nutrition Security	Target
0	Tons of winter vegetable production	6,084 MT
0	Tons of meat production	970 MT
0	Km of farm roads with GSB	1,538 Km
0	Marketing system and plans developed by LGs	20

3.4 Strategy

Under the Agriculture ECP, the production of commodities shall be based on market assessment and demand forecast.

Additionally, the Agriculture ECP will continue to pursue the current approach of production, access and market.



3.5 Programmes

3.5.1 Prioritization of commodities to produce

MoAF has pursued a focused commodity approach to consolidate resources and maximise program output and impacts. The same approach will be adopted for ECP as well. In keeping with this approach, ECP has prioritised commodity production based on the following parameters i.) national priority ii.) volume of import and iii.) production potential.

The prioritised commodities are as follows:

1. Cereals (Maize, Buckwheat, Wheat);
2. Vegetables (Chilli, Onion, Tomato, Brinjal, Cauliflower, Beans);
3. Oil seeds (Mustard);
4. Lentils;
5. Meat (Chicken, Pork);
6. Fish;
7. Milk.

Rice is excluded from the prioritised list mainly to diversify the Bhutanese diet which is predominantly rice based. The per capita rice consumption in Bhutan stands at around 150 kg in 2018, which is

one of the highest in South Asia, while the per capita consumption of other cereals like maize, wheat and buckwheat was 105 kg, 6 kg and 3 kg in 2019 respectively (RNR Statistics, 2018). Such carbohydrate-intensive diet partly explains the increase in lifestyle diseases and associated public health costs.

In terms of vegetable production, ECP will prioritise winter vegetable production with an objective to reduce their imports, and especially meet demand for the northern Dzongkhags where winter vegetable production is not feasible.

Out of the total 15,326 MT in vegetable imports in 2019, 7542 MT was imported during the winter months of August to February (Bhutan Trade Statistics, 2019). In light of this, the local governments of Samtse, Sarpang, Samdrup Jongkhar, Tsirang, Chhukha, Pema Gatshel and Dagana, where winter vegetable production is feasible, will allocate half of their Agriculture ECP resource totaling to Nu. 40.1 million to winter vegetable production.



Figure 3.1 Cereal production results of the six Eastern Dzongkhags (2,592 MT)





Figure 3.2 Cereal production results of the Western Dzongkhags (1,834 MT)





Figure 3.3 Cereal production results of the Southern and Central Dzongkhags (2,867 MT)



Figure 3.4 Winter vegetable production results of potential Dzongkhags (6,084 MT)

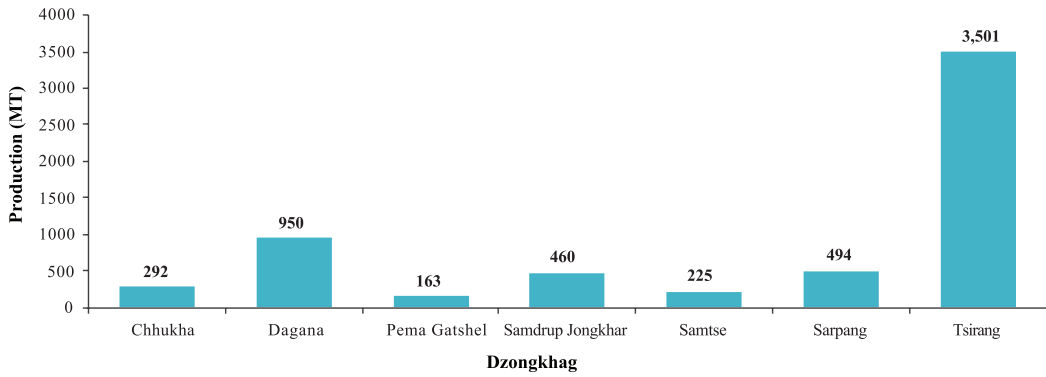


Figure 3.5 Vegetable production results of the thirteen Dzongkhags (15,090 MT)

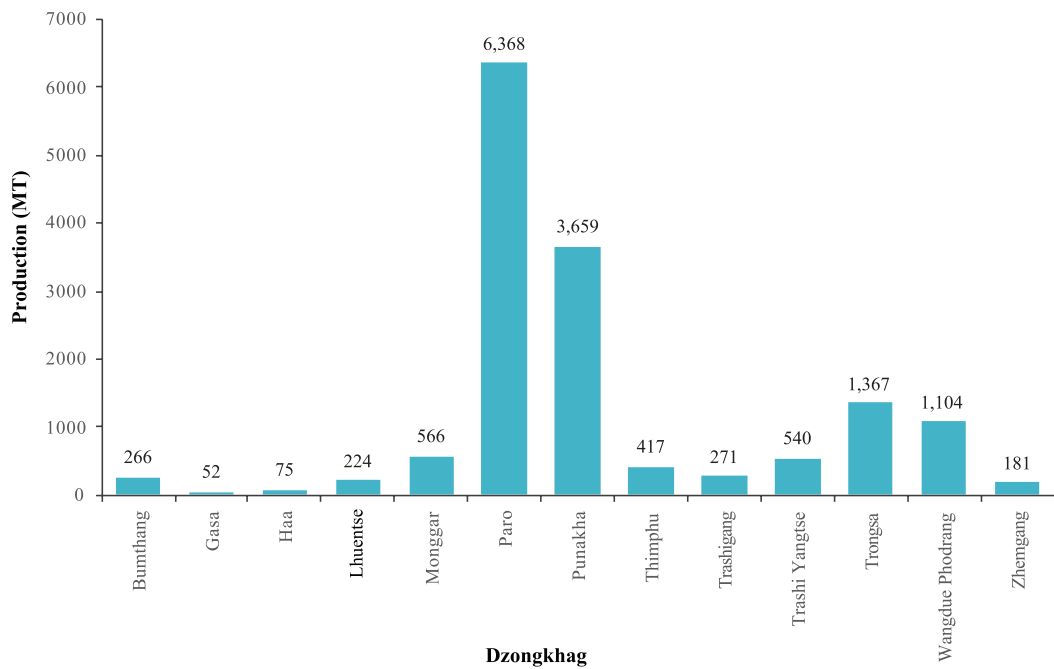


Figure 3.6 Oil Seed production results of the potential Dzongkhags (356 MT)

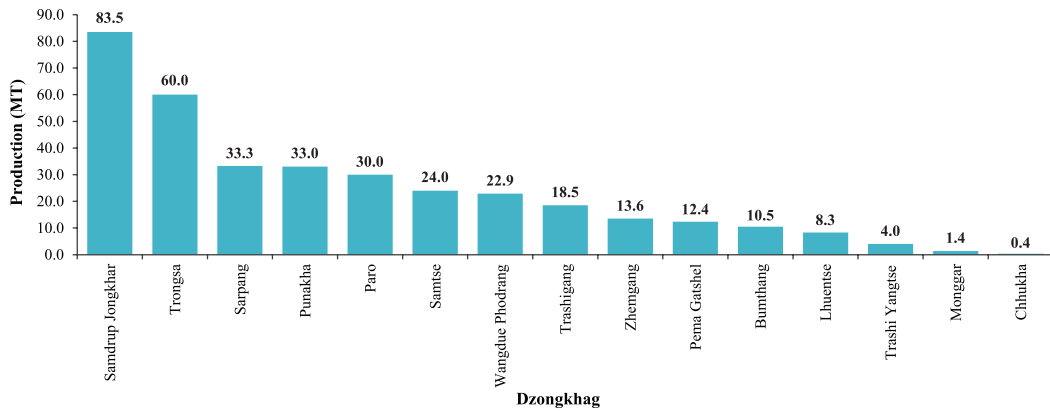
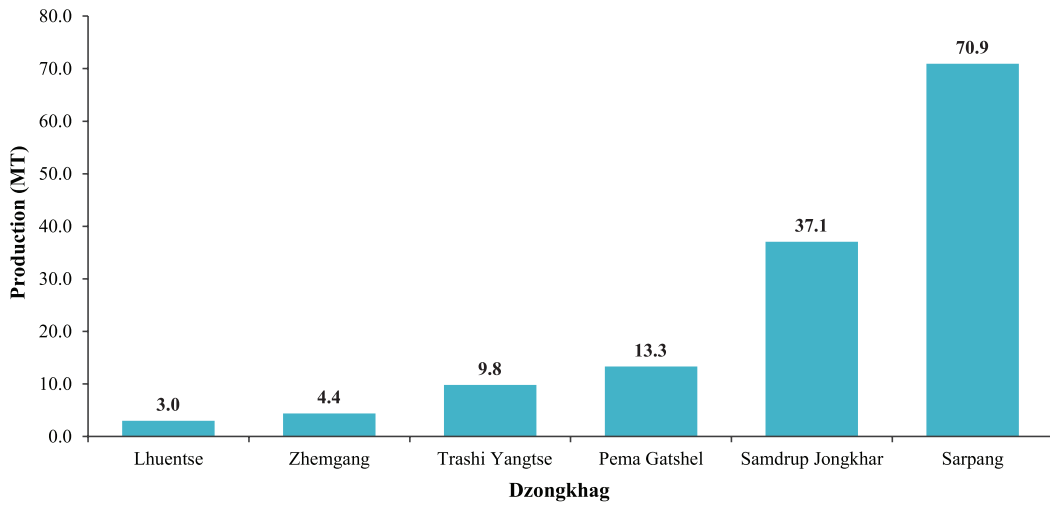


Figure 3.7 Lentils production results of the potential Dzongkhags (139 MT)



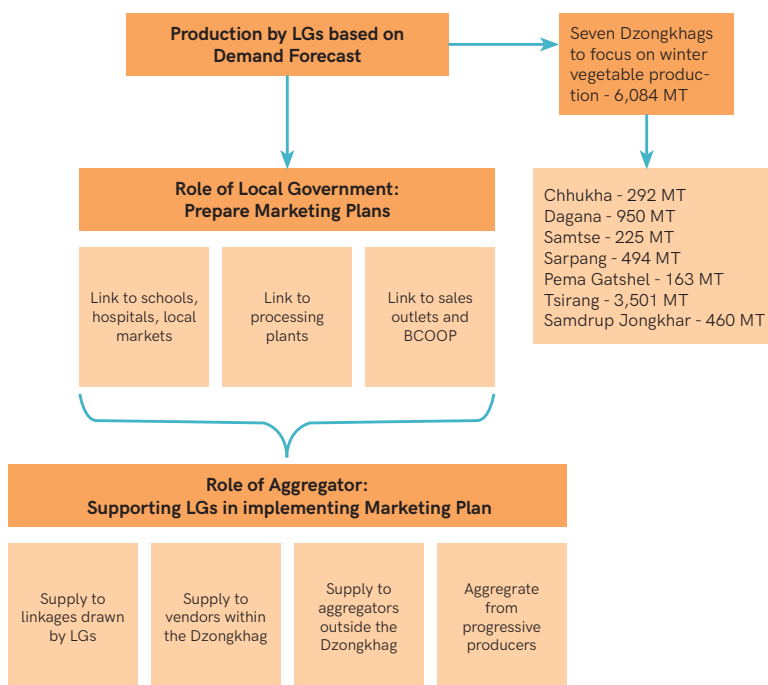
3.5.2 Allocation of budgetary support of Nu. 200 million to Local Governments for production & marketing

The Agriculture ECP, which includes production of the above prioritised commodities together with marketing, will be pursued by the local governments. In this regard, the local governments have been provided a total budgetary grant of Nu. 200 million over and above the 12th Five Year Plan allocation. The grant is shared among the local governments based on a multi-criteria analysis that takes into account production capacity, households engaged in agriculture and constraints faced by households (incidences of human wildlife conflict).

In addition to production, each local government shall chart-out independent marketing plans for their produce including i.) marketing within Dzongkhags: connecting products to institutions like schools, hospitals and processing plants, ii.) marketing beyond Dzongkhags in case of surplus and iii.) Collaboration with aggregators in implementing LG's marketing plan.

Farmers groups, displaced employees, youth groups, cooperatives, Land User Certificate (LUC) and progressive individual farmers will receive priority to produce the above commodities.

Figure 3.8 Marketing Strategy



3.5.3 Role of Central Agencies to implement budgetary support.

While the local governments will assume responsibilities for both production and marketing in partnership with aggregators, the role of central agencies under the MoAF like the Department of Agriculture (DoA) and marketing agency are equally important and critical, without which local overnments may fail to realize their ECP targets.

Therefore, the DoA shall provide policy directive and technical backstopping on vegetable production, including winter vegetable production, post-harvest infrastructure and practices, hybrid seeds, micro-efficient irrigation systems, protected agriculture and soil nutrient management to the local governments.

MoAF shall also provide policy directives and technical support on marketing and facilitate local governments in marketing their surplus production, if any. MoAF shall also facilitate the establishment of around three cold stores at strategic locations in Wangdue Phodrang, Trashigang and Sarpang and link the

products with food processing plants for value addition or to the local and international markets.

3.5.4 Commercial production by State-Owned Enterprises (SoEs)

Farm Machinery and Corporation Limited (FMCL) is an SoE mandated to enhance farm mechanisation in the country. In addition, given its comparative advantage of having leased large plots of land, farm machineries and human resource, they are also involved in the commercial production of agriculture commodities to help the DoA achieve its plan targets.

FMCL will carry out production of prioritised commodities at a commercial scale and also work with farmers through a contract farming modality. They will also explore markets for their products.

Likewise, the Bhutan Livestock Development Corporation Limited (BLDCL), another SoE, will operate at a commercial scale through a contract farming system, involving livestock farmers in potential Dzongkhags, and on their own farm through a 'shared values



Table 3.1 Multi criteria and assignment of weights for grant allocation to the Local Governments

Sl. No	Criteria	Weight	Remarks
1.	Expected Production (MT)	60 %	Production targets received from LGs
2.	Household engaged in agriculture farming	30 %	Number of households engaged in agriculture sector (2019 RNR census)
3.	Constraint faced by household	10 %	Number of households facing constraints in the Dzongkhag (2019 RNR census)
Total		100 %	

and responsibilities' approach with youth groups, cooperatives and progressive individual farmers to produce milk, meat (chicken and Pork) and fish. This will ensure a consistent supply of the above commodities, including meat, which is in high demand in Bhutan. At 13.5 kilogram per person, the per capita consumption of meat is the highest in South Asia. In 2018 alone, Bhutan imported Nu. 4573 million worth of meat, which was a 16 percent increase from the previous year (Bhutan Trade Statistics, 2018).

BLDCL in its 'shared value' approach with farmers and youths will be further supported by the DoL in terms of input supply, health services and technical back-stopping, in close consultation with Dzongkhag livestock representatives.

Additionally, DoL will provide special focus to back-yard or subsistence farmers who demonstrate potential to transit to commercial farming and operate under a commercial arrangement with BLDCL. DoL will also emphasise the improvement of dairy-producing animal breeds across the country to ameliorate milk production through reproduction biotechnology interventions like use of sex-sorted semen.

3.5.5 Improvement of farm roads

In view of providing undisrupted supply of farm inputs and access to market, all farm roads (1,809 farm roads) totaling to 6,809 kms that require improvement will be laid out Granular Sub Base (GSB). Out of the total phase 1 will lay out GSB of 201 farm roads (1538 km) across the country starting from July 2020.

Additionally, the current restrictions across the border makes GSB laying suitable as the work can be done with locally available materials like cement, sand and stones, machinery (rollers, stone-crushers, etc.). Private sector will be engaged to take-up various components of the GSB works, from hiring machines to supply of sand and stones.

The local governments will implement the work in close consultation with the central agencies.



Table 3.2 Farm road Prioritization Criteria for GSB

Sl No	Criteria	Weight (%)
1	Year of construction	15
2	Number of beneficiaries	25
3	Farm Land in acreage	25
4	Production	35

Table 4.1 Program Profile and Budget

Sl No	Program	Unit	Target	Budget
1	Enhance cereal production	MT	7,294	200-LG, 46- FMCL
2	Increase oilseed production	MT	355	
3	Increase lentil production	MT	139	
4	Enhance vegetable production	MT	21,174	
5	Accelerate milk production and dairy allied services	MT	6,549	29.5
6	Upscale chicken production	MT	852	152.2
7	Upscale fish pork production of farmers through sustainable contract system	MT	118	31.2
8	Upscale fish production at Samrang fishery farm and potential Dzongkhags	MT	60	12.0
9	Establishment of Integrated Cold Store	Nos	3	69.0
10	Procurement of potato grading machine for FCBL	Nos	8	64.0
11	Improvement of Farm Road (GSB)- Phase I	KM	1,538	2,557.0
12	Procurement of Post harvest equipment (Dryer and powdering machine)	5 MoAF		
			Total	3,165.9

4 Summary of Key ECP Indicators

Baseline	Key Performance Indicators (KPI)	Target
Build Bhutan Project (BBP)		
0	Number of worker skilled in the construction trade	6,702
0	Number of worker engaged in the construction sector	14,495
0	Establishment of specialised firms	18
Tourism Resilience		
0	Number of laid-off employed	>1,000
0	New entry and exit point opened and operational	2
	SDF implemented and operational	
Food self sufficiency and Nutrition Security		
0	Tons of winter vegetable production	6,084 MT
0	Tons of meat production	970 MT
0	KM of farm roads with GSB	1,538 Km
0	Marketing system and plans developed by LGs	20

5 ECP Budget summary

Sl. No	Economic Contingency Plan	Budget (Nu. in Millions)	Implementing Agency	Remarks
1	Build Bhutan Project (Construction sector)	1,040	MoLHR	
	Sub-total	1,040		
2	Tourism resilience	286	TCB	
	Sub-total	286		
3	Increasing livestock production and technical inputs	26	DOL	
4	Increasing livestock production at commercial scale & Marketing	199	BLDCL	
5	Agriculture production & Marketing	200	Local Governments	
6	Increasing cereal and vegetable production (commercial scale)	46	FMCL	
7	Establishment of 3 integrated cold stores	69	MoAF	NAPA III (GEF/ UNDP)
8	Procurement of Potato Grading Machine	64		
9	Procurement of Post harvest equipment (Dryer and powdering machine)	5	MoAF	
	Sub-total (Agriculture)	609		
10	Improvement of Farm Road (GSB) - Phase I	2,557	Local Governments	
	Sub-total	2,557		
	Grand-total	4,492		

6 Implementation, Monitoring and Reporting Framework

Each domain of the ECP has set up a Project Implementation Unit (PMU) to spearhead project implementation, coordination, monitoring and reporting. On a fortnightly basis, the PMU will report to the ECP Delivery Unit (DU) to provide progress updates and highlight issues hindering the project implementation, if any.

The ECP DU will update the Prime Minister's Office (PMO) on a regular basis, or as and when necessary. The ECP DU will liaise with GNHC and MoF on any issues concerning financing, official development assistance for the ECP and to avoid duplications with other related projects.

Based on the directives of PMO, the ECP DU will update the Special Task Force on the status of the project.

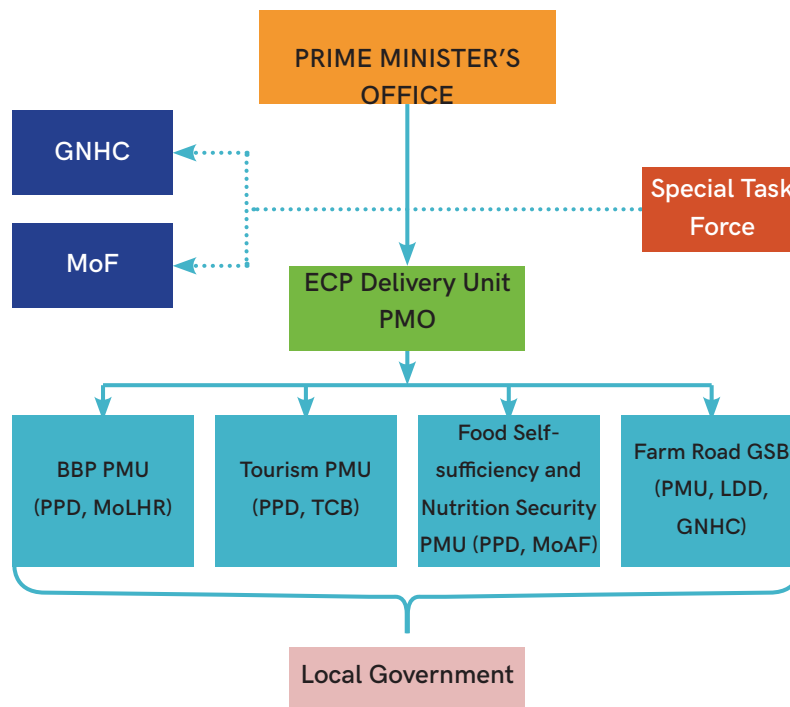
The PMUs will monitor the projects regularly and assist the LGs in addressing the problems, if any. A joint monitoring with officials from ECP DU, PMU and GNHC shall be conducted, if needed.

The simplified Government Procurement Rules for procurement of works falling under the COVID-19 situation shall apply to the ECP project.

The ECP PMUs and project implementers shall ensure that the health advisory note on COVID-19 is observed strictly when implementing the ECP project.



Figure 7.1 Implementation, Monitoring and Reporting Process



7 Conclusion

The sectors of construction, tourism and agriculture were hit hard by the pandemic.

In the construction sector, the restriction on the entry of foreign workers immediately after the outbreak of COVID-19 has created a significant shortage and impacted the growth of the sector and others that depend on it. BBP seeks to leverage the situation by combining medium term measures to enhance the supply of workers while also addressing broader and longer term objectives related to specialisation, mechanisation and enhancing the sector's employment prospects.

In the tourism sector, the pandemic has impacted the livelihood of those directly and indirectly engaged in the sector, in addition to the loss of revenue and convertible currency for the government.

As a short-term coping measure, the tourism ECP will increase the resilience of the people by engaging them in various tourism infrastructure and professional development activities.

Further, the plan also prescribes policy reforms and interventions that will enable the sector to rebound with a more robust eco-system and diverse product offerings. The food self-sufficiency and nutrition security contingency plan strives to cope and respond to the new normal through accelerated agriculture and livestock production in tandem with marketing, value additions and year round road access. Overall, the agriculture ECP takes into account production, road access and marketing in an integrated manner.

ANNEXURE

Annexure 1 Grant allocation to LGs based on Multi-criteria analysis

Dzongkhag	Expected production (MT)	Household engaged in agriculture sector	Constraint faced by households	Normalization	Total Grant
Bumthang	1,048.0	1,476	1,031	5.0	8.3
Chhukha	147.4	4,155	3,790	5.0	7.9
Dagana	1,765.0	4,235	3,882	5.0	11.7
Gasa	57.6	573	302	5.0	5.4
Haa	179.9	1,375	1,262	5.0	6.3
Lhuentse	268.9	2,008	1,643	5.0	6.8
Monggar	1,511.0	5,159	4,589	5.0	11.7
Paro	717.9	3,281	2,927	5.0	8.7
Pema Gatshel	803.4	3,456	3,243	5.0	9.0
Punakha	1,485.4	2,599	2,098	5.0	10.0
Samdrup Jongkhar	742.6	3,933	3,223	5.0	9.1
Samtse	689.0	8,997	8,639	5.0	12.1
Sarpang	6,046.8	4,875	4,094	5.0	22.1
Thimphu	556.6	1,432	894	5.0	7.1
Trashigang	2,822.1	5,994	2,345	5.0	14.7
Trashigang	86.3	2,475	5,296	5.0	7.2
Trongsa	1,719.0	1,466	1,299	5.0	9.9
Tsirang	1,149.0	3,654	3,382	5.0	9.9
Wangdue Phodrang	3,542.4	3,369	2,966	5.0	15.4
Zhemgang	126.8	2,075	1,964	5.0	6.6
Total	25,464.9	66,587	58,869	100.0	200.0

Annexure 2 Role of Central Agencies to implement Agriculture and marketing component

- Central Agencies (DoA, DoL, Focal Agency for marketing under MoAF)
- Provide policy directive and technical backstopping to the SoEs and LGs
- Facilitate and guide implementation of planned activities
- Ensure availability of inputs in adequate quantities on time
- Timely monitoring and reporting on physical and financial progress
- Focal Agency for marketing under MoAF to facilitate marketing of the surplus produce from the LGs

2.1 Stated-Owned Enterprises (FMCL and BLDCL)

- Mass produce commodities prioritized under ECP
- Meet the projected target within the stipulated time period
- BLDCL to ensure availability of adequate quantities of livestock inputs on time
- Market their own produce
- Timely submission of progress report
- Ensure effective and efficient utilization of resources
- Work in close consultation and collaboration with LGs and Central Agencies

2.2 Local Government (LG)

- Prepare both production and marketing plan
- Produce commodities prioritized under ECP
- Meet the projected target within stipulated time period
- Provide technical backstopping
- Market their own produce and indicate the expected surplus to Focal Agency for marketing under MoAF in advance
- Timely monitoring and submission of progress report
- Ensure effective and efficient utilization of resources
- Work in close consultation and collaboration with SoEs and Central Agencies

Annexure 3 Dzongkhag-wise production target and budget

Dzongkhag	Acreage and Production										Total	
	Acreage	Cereals	Acreage	Oil seeds	Acreage	Lentils	Acreage	Vegetables	Acreage	Production	Budget	
Bumthang	272.2	229.4	44.5	10.5			126.0	266.2	442.7	506.1	8.3	
Chhukha	99.9	119.4	1.2	0.4			163.9	291.5	265.0	411.2	7.9	
Dagana							242.8	949.8	242.8	949.8	11.7	
Gasa	60.6	29.6					27.7	51.5	88.2	81.1	5.4	
Haa	120.0	45.8					55.0	75.0	175.0	120.8	6.3	
Lhuentse	29.5	24.0	11.0	8.3	8.0	3.0	76.8	224.4	125.3	259.7	6.8	
Monggar	590.0	558.5	5.0	1.4			642.0	565.7	1,237.0	1,125.5	11.7	
Paro	369.0	273.0		30.0	101.0		2,250.0	6,368.0	2,720.0	6,671.0	8.7	
Pema Gatshel	202.0	243.8	27.0	12.4	25.5	13.3	89.0	163.3	343.5	432.8	9.0	
Punakha	594.0	1,051.0	136.0	33.0			1,748.0	3,659.0	2,478.0	4,743.0	10.0	
Samdrup Jongkhar	613.3	1,195.2	334.0	83.5	92.7	37.1	608.3	459.5	1,648.2	1,775.3	9.1	
Samtse	294.3	426.0	45.0	24.0			276.4	224.5	615.8	674.5	12.1	
Sarpang	1,585.0	1,426.5	111.0	33.3	160.5	70.9	328.5	494.3	2,185.0	2,025.0	22.1	
Thimphu	19.6	24.9					194.7	417.3	214.3	442.3	7.1	
Trashigang	76.5	94.3	74.0	18.5			199.0	270.8	349.5	383.6	14.7	
Trashi Yangtse	353.0	476.5	1.5	4.0	3.0	9.8	274.2	540.0	631.7	1,030.3	7.2	
Trongsa	686.0	651.0	155.0	60.0			555.0	1,367.0	1,396.0	2,078.0	9.9	
Tsirang							1,346.0	3,501.0	1,346.0	3,501.0	9.9	
Wangdue Phodrang	700.4	410.1	114.5	22.9			554.3	1,103.7	1,369.2	1,536.6	15.4	
Zhemgang	15.0	15.0	28.0	13.6	7.0	4.4	66.0	181.1	116.0	214.1	6.6	
Total	6,680.3	7,293.8	1,087.7	355.7	397.7	138.5	9,823.5	21,173.5	17,989.1	28,961.5	200.0	

Annexure 4 ECP implementation guideline circulated to the LGs

To implement this initiative, the Dzongkhags shall undertake responsibilities of both agricultural production and marketing that are within the Dzongkhag's capacity. This support does not cover livestock.

What to produce?

1. The cereal production shall include maize, wheat and buckwheat;
2. The vegetables production shall include chilli, onion, tomato, beans, cauliflower, lentils and oilseed (mustard), carrot, gourds, lady finger, radish, peas, cabbage, and broccoli;
3. To substitute vegetable import, the Dzongkhags of Samtse, Sarpang, Samdrup Jongkhar, Tsirang, Pema Gatshel and Dagana shall allocate at-least 50% of the support received to the production of off-season vegetable (winter vegetables);

Who will produce?

4. The production priority shall be given to the farmers groups, youth groups, cooperatives and progressive farmers;

How to market?

5. Each Dzongkhag shall clearly chart-out marketing strategy for the above productions;
6. The marketing plan shall include i.) marketing within Dzongkhags: connecting produce to institutions, schools, hospitals and integrated processing plants, ii.) marketing beyond Dzongkhags in case of surplus, iii.) how to collaborate with aggregators in implementing LG's marketing plan.

Performance indicators

Dzongkhags shall be assessed against the following indicators: However, it is not necessary for a Dzongkhag to consider all indicators, but report on indicators that is relevant to their Dzongkhag

- Tons of cereal production
- Tons of vegetable production
- Tons of winter vegetable production. This indicator is mandatory for Samtse, Sarpang, Samdrup Jongkhar, Tsirang, Pema Gatshel, Chhukha and Dagana.
- Tons of cereals/vegetables marketed within and outside the Dzongkhag
- Number of marketing infrastructure and facilities constructed
- Number of groups, cooperative, progressive farmers, youths and LUC benefited

For the successful implementation of the above initiative, the following agencies shall support the local governments.

Department of Agriculture

- Provide policy directive and technical backstopping, including crop production and protection
- Technical support for off-season vegetable production
- Technical support on post harvest infrastructure and practices

Focal Agency for marketing under MoAF

- Provide policy directive and technical support on marketing
- Facilitate and support Dzongkhag to market surplus production

Indicators

- Tons of cereal and vegetable production
- Mandatory indicators for winter vegetables: Tons of winter vegetables (winter vegetable) production for Samtse, Sarpang, Samdrup Jongkhar, Tsirang, Pema Gatshel, Chhukha and Dagana)
- Tons of cereals/vegetables, including winter vegetable marketed within and outside the Dzongkhag
- Number of marketing infrastructure and facilities
- Number of groups, cooperative and progressive farmers benefited
- Number of youths and LUC

Annexure 5 Monitoring and Reporting (M&R)

ECP Plan	Key Performance Indicators	Unit	Baseline	Year	Target			IPs	Progress			Means of Verification