

Minutes of the Fifth Project Steering Committee (PSC) Meeting for Food Security and Agriculture Productivity Project (FSAPP)

The fifth PSC meeting of the Food Security and Agriculture Productivity Project (FSAPP) was held on 15th August 2019 in Hotel Ariya in Thimphu Dzongkhag followed by a field visit to Floriculture & Amenity Landscaping Centre, Bhutan Agro Industry Limited and to ARDC, Yusipang on 16th August 2019.

PSC Members/representatives present:

1. Ms. Kinlay Tshering, Director, DoA, Chair
2. Ms. Phintsho Choeden, Dzongdag, Dzongkhag Administration, Dagana
3. Mr. Sonam Wangyel, Dzongdag, Dzongkhag Administration, Samtse
4. Mr. Minjur Dorji, Dzongdag, Dzongkhag Administration, Chhukha
5. Mr. Kinzang Dorji, Dzongdag, Dzongkhag Administration, Haa
6. Mr. Karma Galay, Dzongdag, Dzongkhag Administration, Sarpang
7. Mr. Rabgye Tobden, Director, Directorate of Services, MoAF
8. Mr. Kencho Thinley, Chief PO, PPD, MoAF
9. Ms. Kesang Tshomo, Specialist/PD, ARDC-OA Yusipang
10. Mr. Ngawang, Program Director, ARDC Samtenling
11. Mr. Pema Chofil, Program Director, ARDC Bajo
12. Ms. Kuenzang Lham Sangay, Chief Planning Officer, PMCD, GNHC Secretariat
13. Mr. Jigme Dorji, Project Director, FSAPP
14. Ms. Tshering Yangki, Sr. Program Officer, DMEA, MoF
15. Mr. Mekh Bdr Chhetri, Sr.MO, MDD, DAMC, MoAF
16. Mr. Kharka Bdr. Rai, Beneficiary Representative, Sarpang
17. Mr. Bikram Rai, Beneficiary Representative, Samtse
18. Ms. Sonam Dema, Beneficiary Representative, Haa

PSC Members/representatives absent:

1. Mr. Tshering Tashi, Beneficiary Representative, Dagana
2. Mr. Karma Tamang, Beneficiary Representative, Chhukha

Other invitees

1. Mr. Pema Tenzin, Chief Finance Officer, DoS, MoAF
2. Mr. Namgay Thinley, CAO, APD, DoA
3. Mr. Chadho Tenzin, AFAOR, FAO Bhutan
4. Mr. Dophu Dukpa, Marketing & Value chain Expert, FAO TA Consultant
5. Dr. Mani Ram Moktan, Gender & Safeguard Expert, FAO TA Consultant
6. Mr. Jigme Wangdi, Behaviour Change & Communication for Nutrition Expert, FAO TA Consultant
7. Mr. Tshewang Gyeltshen, Procurement Expert, FAO TA Consultant
8. Mr. Karma Tenzin, Monitoring & Evaluations Officer, FSAPP

The resolutions of the meeting are arranged in the sequence of the deliberations, which was mostly as per the Agenda.

1. The Chair welcomed members and invitees for their participation and noted the presence of all the five Dasho Dzongdags. The Chair highlighted the progresses since the last PSC meeting and the following for information and support especially from the Dzongkhags:
 - i. with the increased decentralization of financial resources to the local governments and subsequent decrease of financial resources at the Central government level, the chair requested, if Dzongkhags could support more of activities that address the human wild life conflicts, for example electric fencing, as wildlife depredation of crops is still very high.
 - ii. Fallow Land information: the chair requested the support of Dzongkhags in identifying the fallow land under each Dzongkhag. Information on continuous stretch of vast fallow land provides good investment opportunities for enterprising farmers or youth or state owned enterprises.

- iii. Farmers groups - School linking program for supply of local agricultural produces and products: the chair shared the white paper on linking program, which was prepared and approved by the Cabinet in principle. Seeking the support of the Dzongkhags, the Chair also highlighted the importance accorded by the new government on this document.

2. Review of resolutions of the Fourth PSC Meeting

i. Establishment of Integrated nursery for Cardamom and Citrus at Gakidling, Haa

In the 4th PSCM, Haa Dzongkhag administration was given time to find another suitable location (which also benefit upper Samtse). However, no suitable places in Haa could be found, therefore, the above proposal is shelved till another suitable location is identified.

ii. Submission of designs and estimates of Farmers' Sales Outlet (FSO)

It was agreed in the 4th PSCM that all Dzongkhags will submit the designs and estimate to PMU by 28th February 2019, however, PMU received only from Sarpang Dzongkhag. Moreover, the PMU also received requests for additional budget from the Dzongkhags for the FSO. The PSC advised the following;

- a) to initiate the procurement process for FSO by August end or early September 2019.
- b) in case of changes to the locations of FSO; should the Dzongkhags face HR constraints in doing the required feasibility study, the meeting advised Dzongkhags to seek the support of DAMC.

iii. Presentation of BCC Strategy for Food & Nutrition to Ministry of Education

The 4th PSCM directed that DoA through the Ministry of Agriculture and Forests (MoAF) to try to present the BCC strategy to the Committee of Secretaries (CoS)/new cabinet for possible endorsement and directives to all three sister ministries (MoE, MoAF & MoH).

As a follow up, the project presented the final BCC strategy to the officials from Department of Public Health for possible adoption as a national strategy but received lukewarm response to the proposal. The strategy was recommended for use only in the project area as the Ministry of Health (MoH) is in the process of coming up with a separate national strategy.

3. Updated Results Framework (RF) and Project Baseline report

The M&E officer presented the updated project results framework and updated the members on the progresses of all the indicators. For details, refer Annex 1.

The members were also presented on key achievements from the implementing agencies. During the course of discussion of achievements, following directives were provided by the meeting;

- i. One of the indicators in the RF is to increase the Cardamom area under cultivation by 5%; The meeting noted that, Cardamom being a Cash crop is already taken up by the farmers especially in the southern Dzongkhags without any support from the government. Hence, it was advised that project should strategize cardamom support in the following areas;
 - a) disease management
 - b) orchard/plantation management; use of appropriate shade trees, the numbers of shade trees per unit area of orchard etc.
 - c) free seedling to be supported only for poverty households in remotest areas.

4. Financial Expenditure as on June 2019

The M&E officer presented the overall financial expenditure of the project and also the expenditure of all the ten project implementing units. As indicated in the Table 1 below, about 71% of the disbursed grant is used.

Table 1: Total disbursement & expenditure

Total Grant	Total Disbursement	Expenditure (Nu.)
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		FY 2017-2018	FY 2018-2019	Total
442,321,949.40	269,671,245.52	41,059,452.89	151,180,958.22	192,240,411.11

The financial expenditure for the fiscal year 2018-2019 from the total approved Nu. 179.678 million is Nu. 151.18 million, which is about 84%.

For more details on expenditure, both component wise and category wise, please refer Annex 2. Table 2 shows the expenditure of ten project implementing units (PIU) for fiscal year 2018-2019. The meeting discussed the financial expenditure of each PIU and noted the following:

- i. DAMC could not spend even a half of their planned budget (27%). The justification from the focal DAMC officer to the meeting was that, they could not start some of the activities, while some were still ongoing in the fields. However, he assured better performance from the coming fiscal year, now that DAMC has nominated a permanent focal for the project.

Table 2: Expenditure of Project implementing Units for FY 2018-2019

S/N	Project Implementing Unit	Total approved	Total Expenditure	Budget Utilization %
1	DAMC	14,500,000.00	3,973,050.28	27%
2	PMU	133,126,000.00	117,968,579.18	89%
3	ARDC, Bajo	2,281,000.00	2,281,000.00	100%
4	ARDC, Samtenling	2,436,000.00	2,377,269.52	98%
5	ARDC, Yusipang	2,997,000.00	2,584,930.57	86%
6	Chhukha	5,046,975.00	3,571,814.00	71%
7	Dagana	5,120,000.00	5,120,000.00	100%
8	Haa	4,008,140.00	3,777,076.80	94%
9	Samtse	4,140,000.00	4,100,576.00	99%
10	Sarpang	5,622,960.00	5,426,661.87	97%
	Total	179,678,075.00	151,180,958.22	84%

- ii. Chhukha Dzongkhag is the second agency with least fund usage. To this, the PSC member from Chhukha shared that, it is because, some of the activities could not be implemented, while some are still ongoing. The member also reported delays in the procurement as one of the reasons.
- iii. Sarpang Dzongkhag reported that they have completed all activities and the fund usage is at 97% because, the expenditure on some activities were lower after tendering.

5. M&E Observations and Challenges

- i. **Double counting of beneficiaries:** The meeting was informed that, beneficiaries' double counting is becoming an issue, which is going to grow with time. This was foreseen by PMU, hence M&E reporting formats, which were adopted and circulated in use has the provision to uniquely identify the beneficiaries with citizenship identity card and household number. The issue of double reporting still persists, because the implementing units do not submit beneficiaries lists with the unique number (CID & HH number) required by the format. Hence, the chair advised all implementing units to report beneficiaries as required by the formats to avoid this issue.
- ii. **Delay in progress reporting:** It was reported that despite the agreements on timelines to progress report submissions, some implementing units still delay and do not respond to even repeated requests/reminders. The aftermath of such delay is that, it subsequently delays the submission of interim unaudited financial report (IUFRR) to the Bank, which is also a requisition of next disbursement from the Bank. Hence, report submission delay even by one implementing unit affects the timely acquisition of disbursement from the World Bank for the whole project. The implications of such delays were explained in all the project support team

meetings of the three regions, and PMU had informed that, PIUs which delay report submission shall not be given their quarter fund transfers. Hence, first quarter fund transfer for Chhukha Dzongkhag was withheld because Chhukha Dzongkhag did not submit complete progress report. The meeting noted the implications of delays in report submission and hence the chair advised all PIUs to stick to the agreed datelines and submit complete reports as per the formats.

- iii. **ARDCs to take more regional responsibilities:** It was shared that, FSAPP is designed in such a way to make use of the current institutional set up under the Department of Agriculture; where ARDCs are given the regional mandate to technically support and work in collaboration with the Dzongkhags in their region. Hence, project support teams (PST) are instituted in ARDCs, wherein DAOs also participate. The ARDCs also have PMU counterpart focal, especially for M&E, procurement, Gender & safeguards which are trained as well as the PMU officers. Even though, the regional project support team meetings are conducted regularly, the ARDCs and their focal officers are yet to play more active role in streamlining the annual work plans, reviewing the progresses and submitting consolidated reports on time. To this, the chair advised all ARDCs to work towards supporting the two men-PMU at the department.
- iv. **Planning for high impact activities:** After overseeing the implementation and reviewing the work plans of the past two fiscal years, the PMU shared that the project implementing units should invest good time in coming up with more need-based, impactful and inclusive work plans. The work plans of most PIUs so far appear like ones prepared in haste and business-as-usual. It was reported that, with the current trend of planning and execution, even though the project development indicators may be achieved in numbers, there won't be much sustainable impacts to benefit the target population.

6. FAO-TA Progress Report for FY 2018-2019

The team leader Mr. Dophu Dukpa, Marketing and Value Chain Expert presented the FAO TA progress. During the fiscal year July 2018 to June 2019, a total of US\$ 605,203 was allocated to the FAO-Country Office, Bhutan for TA to FSAPP, of which the total expenditure was US\$ 272,441 (45.01%). Please refer Annex 3 for more detail reports.

7. FAO -TA work plan for fiscal year 2019-2020

The project director presented the annual work plan for the FAO TA for the period July 2019 to June 2020. The work plans were already discussed at the PMU level with the FAO country office and was presented to the PSC to seek formal approval. Refer Annex 4 for more detail.

8. Implementation Issues

- i. **Postponement of Project mid-term review to July-December 2020:** PMU reported that, though the project mid-term review is usually done in the mid of the project period, which falls after December 2019 in the semester from January 2020 to June 2020, the project implementation started six months late. Thus, the mid-term review period is proposed in the semester July-December 2020 and is endorsed by the meeting for seeking concurrence from the World Bank.
- ii. **Extension of Procurement Expert's Tenure:** The contract of current Procurement Expert recruited by FAO as part of technical assistance expires by 31st December 2019. With no counterpart for Procurement Expert at the central level, the PMU requested the time extension of Procurement Expert for another two years. PMU request was deliberated and the meeting endorsed one year extension, which the AFAOR also agreed.
- iii. **Supplementary budget incorporation for Chhukha:** The meeting approved Chhukha Dzongkhag's request for supplementary incorporation of Nu. 1.841 million for four activities as attached in Annex 5. The supplementary requests were made since the four activities which were planned in fiscal year 2018-2019 could not be completed by June 30, 2019.
- iv. **Additional budget for construction of Farmers' Sales outlet (FSO) from 4 Dzongkhags:** The four Dzongkhags, which were given tentative allocations for constructions of one FSO each reported the need of additional budget as the earlier allocation/ceiling are not sufficient

and, further the Dzongkhags are not able to source any other fund sources to supplement project support. Hence, additional request as attached in Annex 5 was approved by the meeting.

- v. **Supplementary budget incorporation for DAMC:** PSC approved a supplementary budget incorporation of Nu. 2.0 million for the activity “ value chain studies,” as the work which started in fiscal year 2018-2019 is still ongoing in this fiscal year.
- vi. **Supplementary budget incorporation for Cost of production studies:** The meeting also approved a supplementary incorporation of Nu. 2.0 million to fund a review of cost of production for major agricultural crops, which is undertaken by ARDCs. Details in Annex 5.
- vii. **Additional budget for ongoing four irrigation construction works:** A total of Nu. 51.302 million additional budgets is proposed as requirement to pay for the first phase of irrigation schemes construction works, and also for the laying of distribution networks, which will be tendered out as a separate package. The first phase of the four irrigation construction works was scheduled to be completed before June 2019, however, there was time overrun and hence, budget to pay final bills had to be accordingly sourced as additional. Refer Annex 5 for estimate of budget requirement for four schemes.
- viii. **Laptops for Gewog Agriculture Officers:** PMU submitted the requests for Laptops of the project Gewog agriculture staffs, which were shared in the project support team meetings. The PSC approved the support in the coming fiscal year, but advised PMU to request respective Dzongkhag Administrations to verify the actual numbers.

Further, PSC also advised PMU to ensure handing over of such laptops through the Dzongkhag administrations to ensure proper stock entries.

9. Any Other Business

- i. **Project Grant within LG ceiling:** Dasho Dzongdags expressed and sought clarifications on the inclusion of project grant within the budget ceiling of Local Governments, which otherwise used to be above the LG budget ceiling in the past fiscal years.

The Chief of Plan Monitoring and Coordination Division of GNHC Secretariat clarified that, it is the policy and directive of the government, and that all budgetary agencies must work within the ceiling allocated.

The Dasho Dzongdags expressed that, while the project grant is within the LG ceiling, the LG has no flexibility of appropriating the project grant from one activity to another, like they have for the RGoB budget. They expressed that Dzongkhags are not able to use the savings from the project activities to fund other priority activities within the Dzongkhag. *The Chair advised that, even though there are restrictions of project fund re-appropriations across the components, the project components are very broad enough to accommodate most of the activities. Hence, PIUs were advised to make prudent usage of fund by exploring these advantages.*

Some expressed that, because there is less flexibility to re-appropriate project grant savings, it adversely affects Agency's performance ratings by bringing down Dzongkhag's budget utilization percentage. *To this, as suggested by Chief Finance Officer of MoAF, if the Dzongkhags prove that the lapsed funds are left-over after the activity execution, the National Technical Committee (NTC) tasked with evaluation of Agency's performance considers the case.*

Since the concern of project grant incorporation within the LG ceiling is shared by most members from the Dzongkhags, the Chair directed, if the representatives of DMEA and GNHC could discuss at their agency level and offer more clarifications in the next PSC.

- ii. **Venue for 6th PSC meeting**

The committee agreed the next PSC meeting venue as Samtse from 13-14th February 2020. The second day, as usual would be a field visit.

10. Closing Remarks

The Chair thanked all the PSC members for their active participation in the discussion and making the meeting a successful one with lots of fruitful discussion. She also solicited continued support from all Dasho Dzongdags in the successful implementation of the project. The Chair thus closed the meeting formally.

A handwritten signature in black ink, consisting of a series of connected loops and a horizontal line at the bottom.