

	digital entrepreneurship job creation digital skills/literacy digital services		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020131 Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 15 000 000 of which EUR 13 500 000 for budget support and EUR 1 500 000 for complementary support.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing⁸	Direct management through: - Budget Support: Sector Reform Performance Contract Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1			

1.2. Summary of the Action

Bhutan is a **carbon negative** country and has committed to maintaining climate neutrality in its Nationally Determined Contribution (NDC) under the Paris Agreement. The **Renewable Natural Resource** (RNR) sector, which comprises Agriculture, Forestry and Livestock, is considered an extremely important sector towards achievement of the SDGs as well as critically positioned to deliver on climate change mitigation and adaptation. The sector generates more than half of Bhutan's employment, 16% of GDP, around half of the country's food production needs, and protects 71% of forests, but also contributes to more than half of the country's overall greenhouse gas emissions.

Bhutan faces multi-faceted challenges particularly because of its vulnerability to climate change. Farming has further been constrained by its mountainous topography and the limited availability of arable lands, while production systems remain low yielding. Bhutan is therefore increasingly having to **import** essential food items, while **malnutrition** is responsible for 69% of Bhutan's disease burden. The subsistence nature of Bhutanese agriculture with small land-holdings results in **low economies of scale**, leaving very little scope for the private sector to operate. Increasing rural-urban migration also results in increasing **feminisation** of the agriculture sector. The RNR sector is therefore a crucial nexus of tackling climate change mitigation and adaptation, as well as economic diversification, food self-sufficiency and nutrition security. The proposed action therefore aims at promoting **Sustainable Agri-Food Systems** (SAFS) in Bhutan.

The Overall Objective of this action is to reduce **poverty** in Bhutan by supporting the implementation of the RNR Sector's 12th Five Year Plan (FYP - 2018-2023) and 13th FYP (2023 to 2028). The Specific Objective of this action is to promote Sustainable Agri-Food System in Bhutan, contributing to a) fostering economic diversification and

⁸ Art. 27 NDICI