

**STDF PROJECT PREPARATION GRANT (PPG)
APPLICATION FORM**

The Standards and Trade Development Facility (STDF) provides Project Preparation Grants (PPGs), up to a maximum of US\$50,000, for the following purposes (or a combination thereof):

1. application of SPS-related capacity evaluation and prioritization tools;
2. preparation of feasibility studies that may precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
3. Preparation of projects proposals that promote compliance with international SPS requirements, for funding by the STDF or other donors.

Applications that meet the STDF's eligibility criteria are considered by the STDF Working Group, which makes the final decision on funding requests. Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website (www.standardsfacility.org). Please read the *Guidance Note* before completing this form. Completed applications should be sent by email (as Word documents) to STDFSecretariat@wto.org.

PPG Title	Improved border inspection and control of plant, animal and related products for biosecurity and food safety
Budget requested from STDF	US \$ 38,000
Full name and contact details of the requesting organization(s)	Bhutan Agriculture and Food Regulatory Authority(BAFRA), Ministry of Agriculture and Forests, Royal Government of Bhutan Email: bafraheadoffice@gmail.com Phone: 009752327031
Full name and contact details of contact person for follow-up	Kubir N. Bhattarai Deputy Chief Regulatory and Quarantine Officer

	<p>Food Quality and Safety Division</p>
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I. BACKGROUND AND RATIONALE

1. What is the purpose of this PPG? Explain whether it is requested to: (i) apply an SPS-related capacity evaluation or prioritization tool; (ii) prepare a feasibility study (prior to project development) to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or (iii) prepare a project proposal for consideration by the STDF or other donors?

The purpose of this PPG is to design a project proposal for national capacity building for border inspection control (*for plant quarantine, animal quarantine and food safety including enhancing laboratory analytical capacity*) both for exports and imports in Bhutan to promote safety and quality of imported agri-food products as well as facilitate market access of Bhutanese food and agriculture products including organic food products to existing markets in the neighbouring countries particularly India and Bangladesh and also exploring new markets in third countries like Thailand, Singapore, Japan and the European Union. In the process of modernizing the Bhutanese economy and with ever increasing exchange of materials through international trade, the status of Bhutan's biodiversity and traditional Bhutanese farming systems are increasingly at risk from introduction, establishment and spread of new pest and diseases. The volume of trade in food, agriculture and livestock products including international travel of people are increasing which presents an increasing challenge to biosecurity managers like BAFRA officials. In addition, changing global climatic conditions, land use patterns, evolving eating and cooking patterns and environmental changes entail greater emphasis on managing the whole biosecurity continuum – both within the country and across the border.

Amidst these increasing challenges, Bhutan's capacity to effectively manage biosecurity and food safety issues, remain relatively underdeveloped. Bhutan currently has a system of carrying out case-by-case border inspection of imported food and agricultural products with the aim to ensure food safety and to manage identified biosecurity risks. BAFRA subjects food and agricultural commodities to random inspection, sampling and testing at entry points (where required), including surveillance following a market based approach. However, these approaches are based on conventional approaches of border control and are often carried out on a random basis based on the availability of human resources and budget. It is imperative to strengthen border inspection control system and to base it on sound science-based risk assessment and management for effective biosecurity measures. Such system will enable Bhutan to put in place practical regulatory measures, institutional capacity and human resources to ensure food safety and to protect human, animal and plant life and health from the biosecurity risks.

Bhutan imports huge quantities of foods from neighbouring countries to meet its food demand. But it lacks a mechanism to ascertain the quality and safety of such imported foods. Thus, there is a need to establish an effective mechanism to ensure food of good quality and safe for human consumption are only allowed for import. The effective import inspection will facilitate import by reducing the barriers to trade on import. Currently, our import control measures are very weak which impedes effective import clearance causing difficulties for the importers as well as the regulators.

This PPG will focus on enhancing local capacity in border inspection and improving biosecurity measures, with the aim to facilitate smooth and safe trade through efficient domestic control and export systems. . The resulting project proposal will be submitted for consideration by the STDF.

2. Explain the key SPS problems and/or opportunities to be addressed. Clarify why these issues are important, with attention to market access and poverty reduction. Describe, if relevant, how these issues relate to SPS priorities in the Enhanced Integrated Framework's Diagnostic Trade Integration Studies (DTIS), the findings of SPS-related capacity evaluations, national poverty reduction strategies, sector development strategies or policies, etc. See Qn. 7. (b) - (d) of the Guidance Note.

Bhutan has high potential to increase its export volumes of agriculture and food commodities to neighbouring countries as well as third countries. Lately, Government has given lot of emphasis on agriculture farming on commercial scale made possible through low interest Public Sector Lending Scheme of the financial institutions and the implementation of Cottage and Small Industries (CSIs) flagship program of the Government. This has resulted into formation of farmers' groups and cooperatives and increased production through agro-based food enterprises as well as diversification of agriculture products in the market. The government has also given high priority to Organic Agriculture production and marketing during the twelfth five year plan (<https://www.gnhc.gov.bt/en/wp-content/uploads/2019/05/TWELVE-FIVE-YEAR-WEB-VERSION.pdf>). Considering the above development initiatives taken by the government, Bhutan is anticipating a tremendous increase in agriculture production not only for domestic consumption, but also for export markets in the coming years. As organic products are associated with pests and diseases, importing countries would place stricter phytosanitary requirements to ensure the organic agriculture products does not impose biosecurity risk to the importing countries.

The Government of Bhutan has mandated BAFRA as biosecurity managers and national food inspectorate to promote safe and quality food for domestic and export markets, through its inspection, testing and certification services. Since the establishment of BAFRA in 2000, activities were primarily focussed on the establishment of the required legal instruments, establishing basic quarantine and

testing infrastructures and acquiring the human resources for performing the mandates.

For regulatory inspection and certification activities carried out by BAFRA, the current methods used are conventional and paper-based. There is the need to further streamline and strengthen the current inspection and certification system as per international best practices to meet the legal, trade and international market requirements. Since there no inspection procedures are established for border inspection, the only control at the moment is document verification and physical inspection. There is heavy reliance on the documents provided by the exporting countries or third party certification bodies. However, there is no proper mechanism to reconfirm the credibility of the document. There are limited laboratory facilities at the entry points to carry out the testing of imported goods.

The issuance of export certificate or any other certification required by the importing countries for the export commodities has become a big challenge with inadequate border inspection facilities. Bhutan has not been able to cater to the certification services to our exporters due to limited operational capacity. We still have to rely on testing facilities outside the country. Hence, STDF support to strengthen border control capacity will support the overall food safety and SPS capability of Bhutan.

To the best of our knowledge, we are not aware of the DTIS exercise in Bhutan. We at BAFRA have not been consulted by any in this regard.

Currently, quarantine facilities to provide required SPS services are limited or non-existent. Except for two fumigation facilities in the border towns of Phuentsholing and Gelephu, there are no SPS treatment facilities in the country, should we need such facilities either to facilitate export or import into the country. Therefore, to facilitate smooth trade of agriculture products to and from Bhutan, we need to establish quarantine and SPS treatment facilities and services. Based on the type of risk associated with each agriculture commodities, there are various SPS treatment options viz. hot air treatment, hot water treatment, chemical treatment, irradiation etc, none of which have been established in the country. There isn't any record of pest detection in imported commodities maintained by plant quarantine facilities. This could be because; there aren't any diagnostic facilities or properly implemented plant quarantine guidelines/SOPs maintained by quarantine officials.

International trade issues are on the rise and importing countries insist on sound Pest Risk Analysis (PRA) and Import Risk Analysis (IRA) prior to import of plant and animal products. Currently, BAFRA lacks proper PRA Procedure and IRA Guideline including template for conducting assessment. It is crucial to train BAFRA Quarantine Inspectors at the border (Entry Points) and equip with diagnostic laboratory and tools to build competencies in supporting the PRA/IRA Process. This will assure scientific assessment process and prevent from exotic pests and diseases and also facilitating smooth trade.

Also, the laboratory services are not available at the entry and exit points but only in Thimphu. The National Food Testing Laboratory located in Yusipang, Thimphu was established in the year 2005 to carry out analytical and diagnostic tests as per the requirements of the legal framework in the areas of microbiology, genetically modified organisms (GMOs), and chemical disciplines. However, since it is located in Thimphu, it is challenging for the clients to deliver the samples on time (maintaining the sample integrity over long distances) and also there is no effective mechanism for data sharing and management for the border inspection officials to base their import clearance or export certification. Establishing effective Laboratory information management system has become the need of the hour which will give timely access of laboratory reports to the border inspection officials.

Over the recent years, Bhutan is gearing towards exploring export market for prioritized and potential agricultural products, thereby increasing the need to strengthen its export inspection and certification system to increase market access and for trade facilitation through certification services. Currently, BAFRA has been carrying out inspection and testing to issue food export certificates (Fit for Human Consumption Certificate or Health Certificate) on case by case basis and as per the client's requirement, however these services needs to be further streamlined and strengthened as per international best practices to increase its acceptance by the importing country.

The project from STDF shall seek to establish robust SPS system with basic diagnostic facilities in the plant quarantine stations in the country. It shall seek to expedite import and export inspection and clearance procedures by way of instituting risk based inspection systems, automation of import/export clearance procedures, establishment of onsite testing facilities at the border towns and instituting proper information management system in the laboratory. To establish and provide transparent public service information, online Bhutan biosecurity System (BBSS) need be strengthened or replaced with newer and reliable Integrated Biosecurity System. This will be used in maintaining information related to Biosecurity, Biosafety and Food Safety for future analysis and decision making process in trade.

3. Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations would be advantageous (Appendix 1). See Qn. 7. (e) of the Guidance Note.

The profile and capacities of stake holder organisations within the ministry listed as stake holders in the project are:

Bhutan Agriculture and Food Regulatory Authority (BAFRA) mandated to ensure plant and animal biosecurity and food safety in the country. It is the competent

authority for implementation of food safety, plant and animal biosecurity and SPS measures for both import and export commodities.

National Plant Protection Center (NPPC) under Department of Agriculture of the Ministry of Agriculture and Forests, Royal Government of Bhutan is responsible agency for research and policy formulation for regulation of agricultural inputs including pesticides and chemical fertilizers

National Post Harvest Center (NPHC) under Department of Agriculture of the Ministry of Agriculture and Forests, Royal Government of Bhutan is responsible for technology transfer for post harvest management and value addition of agriculture produce.

Department of Livestock (DoL) under Ministry of Agriculture and Forests is responsible for research and development of livestock production system as well as animal health management in the country.

Department of Agriculture Marketing and Co-operatives (DAMC) under MoAF is responsible for promoting and marketing of livestock and agriculture products

Department of Revenue and Customs (DRC) under Ministry of Finance is responsible department for commodity import control and taxation.

Bhutan Exporters Association (BEA) is the association of exporters in Bhutan.

4. How does this PPG complement and/or build on past, ongoing and/or planned national programmes and/or donor-supported projects? See Qn. 7. (f) of the Guidance Note.

The Royal Government of Bhutan has been making efforts to build capacity of industries to produce quality products. Improved border inspection control system will help to protect the domestic market through effective import control and also give better access to markets outside Bhutan through export facilitation at the borders addressing non-technical barriers to trade. The Government has also initiated the flagship programmes to promote Cottage and Small Industries and Organic Farming in Bhutan. The proposed project will directly complement the efforts made in organic farming in Bhutan and uplifting the cottage and small industries working on agriculture sector through improved border inspection and control.

5. Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced

Integrated Framework, etc.)? If so, provide details below and indicate potential sources of funding for the resulting project. See Qn. 7. (g) of the Guidance Note.

The proposed project proposal has not been discussed with any potential donors. In fact, there have not been any projects in Bhutan focusing at improving inspection at the border. There are supporting projects from World Bank, Asian Development Bank and International Trade Center on agriculture development, irrigation and overall trade facilitation but not, particularly, on improving the border inspection and control. Hence, if Bhutan can get STDF support, it will help fill the gap.

6. Briefly explain how cross-cutting issues (e.g. related to gender, the environment) are relevant for this PPG and, if appropriate, how they will be addressed.

The project is intended to promote market access for the agriculture and agro-based food products including organic products through better border inspection capacity. Since both the agriculture sector and the cottage and small industries in Bhutan have the significant majority of women farmers, entrepreneurs and youth. This will create a positive impact on the livelihoods of women and youth, contribute to economic growth and poverty reduction eventually uplifting the living standard of rural population of Bhutan.

II. Implementation & Budget

6. Who will take the lead in implementing this PPG? If particular national experts and/or international consultants are proposed, attach a copy of their Curriculum Vitae and record of achievements (Appendix 2). If no names are provided, the STDF will provide a shortlist of consultants if the PPG request is approved.

BAFRA will work with an international expert/consultant to map out existing gaps in border inspection procedures and biosecurity measures. A short-list of consultants may be proposed by the STDF. Final selection can be made in consultation with BAFRA.

7. In the table below, briefly describe the main activities to be carried out under this PPG and specify who would be responsible. Provide an estimate of the budget required (e.g. for national/international expertise, travel and DSA of consultants, stakeholder meetings or workshops, general operating expenses, etc.).

Activity	Scope	Estimated Budget (US\$)
Stakeholder workshops to identify the specific focus areas and prioritize capacity building needs in the area of plant and animal quarantine and food safety measures at the entry points (2 workshops focused on food safety, plant and animal quarantine services)	The workshop will be organized by BAFRA. The participants will be from technical departments and private stakeholders involved in agriculture and food trade.	US\$ 10,000 (expenses for organizing two workshops)
Honorarium for an International Consultant	The consultant will review utilization of the findings and support development of the project proposal on building capacity of border control of food and agricultural products including livestock products	US\$ 15,000 (25 working days @ US\$ 600/day)
Final consultation and validation workshop on project document	BAFRA will carry out the consultation workshop and finalize the project document for onward submission to STDF Secretariat	US \$ 5000 (Expenses for consultative workshop for finalization of project document and iterative consultation between consultant, BAFRA and STDF)
Travel and stay expenses of the international consultant	Since the international consultant will travel from another country, these expenses will be incurred. This is an estimate only.	5,000 (approximately)
Miscellaneous expenses	US \$ 3,000	US \$ 38,000

APPENDICES:

Appendix 1: Letters of support from each of the organizations supporting this proposal.

Appendix 2: Curriculum Vitae and record of achievements for any consultants proposed to implement this PPG. -To be forwarded after selection of the international consultant from the panel of consultants