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**Green and Climate Smart Technology Business Development Training**

Identification: EU-TACS/A1.8 (CCT-4)

**REQUEST FOR PROPOSAL**

European Union – Bhutan Technical Assistance Complementary Support Project (EU TACS)

Project implemented by



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# ACRONYMS

BPV Bhutan Philanthropy Ventures

CSO Civil Society Organisations

DLG Department of Local Governance

DNB Department of National Budget

DPA Department of Public Accounts

DoRF Division of Responsibilities Framework

EU European Union

EU-TACS European Union – Bhutan Technical Assistance Complementary Support

FYP Five Year Plan

G2C Government to Community

GPMS Government Performance Management System

GNH Gross National Happiness

GNHC Gross National Happiness Commission

HR Human Resources

KE Key Expert

LDC Least Developed Country

LDD Local Development Division, GNHC

LG Local Governments

LGA Local Government Act

LGAS Local Governance Assessment Study

LDPM Local Development Planning Manual

MoF Ministry of Finance

MoHCA Ministry of Home and Cultural Affairs

MYRB Multi-Year Rolling Budget

NMES National Monitoring & Evaluation System

PEMS Public Expenditure Management System

PSDD Public Service Delivery Department of the Cabinet Secretariat

PSGRD Public Services & Grievances Redressal Division

RCSC Royal Civil Service Commission

RfP Request for Proposal

RGoB Royal Government of Bhutan

SKE Senior Key Expert

SNKE Senior Non-Key Expert

ToR Terms of Reference

TL Team Leader

ToR Terms of Reference

VOIP Voice Over Internet Protocol

# BACKGROUND

DAI Belgium has been contracted by the European Union (EU) to implement a project in Bhutan titled: *Technical Assistance for Renewable Natural Resources and Climate Change Response and Local Governments and Decentralisation* (EuropeAid/139521/DH/SER/BT). The project involves provision of long and short term local and international technical assistance to the Royal Government of Bhutan (RGoB) and other non-state stakeholders to contribute to national development objectives. See Appendix 1. Section 8 Background Documents for details.

As part of the project components, a local specialist firm is required to carry out Green and Climate Smart Technology Business Development Training in RNR Sector. For this, DAI Belgium is undertaking a competitive selection process to identify and contract a suitably qualified experienced firm through invitation of technical and financial proposals.

# SELECTION PROCESS

#### **B.1 Process overview and timeline**

The Request for Proposal (RFP) which includes Terms of Reference (TOR) will be advertised on Kuensel and MoAF’s website **2 September 2021**. Interested local firms are invited to submit a detailed proposal (technical and financial) through email to Karpo Dukpa, Senior Manager, Bhutan Philanthropy Ventures email: [karpo@bpvbhutan.com](mailto:karpo@bpvbhutan.com) and Gustavo Porres, Senior Project Manager, DAI Brussels email: [gustavo\_porres@dai.com](mailto:gustavo_porres@dai.com) **no later than 4:00 PM (Bhutan time) on 10 September 2021.** Late submission will not be accepted.

DAI Belgium will convene a proposals evaluation committee of three, made up the EU-TACS Team Leader, a representative from RGoB and a representative from DAI. Scoring will be undertaken strictly against “Selection Criteria” contained herein and will be submitted to the funding agency for approval. Thereafter, the contracting of a preferred firm may proceed, subject to stakeholder approvals and due diligence.

**The table below summarises the key steps and timelines.**

|  |  |  |
| --- | --- | --- |
| Step | Description | Date |
| 1 | Advertisement placed requesting a detailed proposal | 2 Sep 2021 |
| 2 | Deadline for receiving the proposal (late submission will not be accepted) | 10 Sep 2021 |
| 3 | Evaluation of the proposals and selection of one best firm | 13 Sep 2021 |
| 4 | Notification to the selected firm | 14 2021 |
| 11 | Due diligence and contracting | 22 Sep 2021 |
| 12 | Activity commences | 24 Sep 2021 |

# SELECTION CRITERIA

#### **C.1. Firm’s profile**

The Green and Climate Smart Technology Business Development Training in RNR Sector should be undertaken by a well-established (at least 3 years) local firm (based in Bhutan).

The firm should be experienced in designing training curricula and course materials, as well as delivering training (at least three prior to this) for international donors (preferably including the EU but not essential) in the related fields.

The firm should value the importance of delivering a high-quality product in a timely manner.

**The selection criteria table below provides defined and weighted criteria.**

#### **C.2. Selection criteria**

|  |  |  |
| --- | --- | --- |
| # | Section | Weighting |
| 1 | Proposal cover page and declaration | Hurdle requirement |
| 2 | Capability of the firm | 10 |
| 2.1 | Company overview |  |
| 2.2 | Project experience |  |
| 2.3 | Management capacity |  |
| 2.4 | Company staffing and financial capacity |  |
| 3 | Methodology | 30 |
| 3.1 | Approach to implementing terms of reference |  |
| 3.2 | Description of activities and how they will be carried out |  |
| 4 | Workplan and input schedule | 20 |
| 5 | Assigned personnel (qualifications; years of relevant experience) | 20 |
| 6 | Financial proposal | 20 |
| 7 | Appendices |  |
| 7.1 | Curriculum vitae of assigned personnel |  |
| 7.2 | Other information (optional) |  |

# PROPOSAL DEVELOPMENT INSTRUCTIONS

#### **D.1. Proposal contents and checklist**

|  |  |  |  |
| --- | --- | --- | --- |
| # | Section | Max pages | Check |
| 1 | Proposal cover page and declaration | 2 | [√] |
| 2 | Capability of the firm |  |  |
| 2.1 | Company overview | 1 |  |
| 2.2 | Project experience | 2 |  |
| 2.3 | Management capacity | 1 |  |
| 2.4 | Company staffing and financial capacity | 2 |  |
| 3 | Methodology |  |  |
| 3.1 | Approach to implementing terms of reference | 1 |  |
| 3.2 | Description of activities and how they will be carried out | 4 |  |
| 4 | Workplan and input schedule | 1 |  |
| 5 | Assigned personnel | 1 |  |
| 6 | Financial proposal | 1 |  |
| 7 | Appendices |  |  |
| 7.1 | Curriculum vitae of assigned personnel | 2 pages each |  |
| 7.2 | Additional information (optional) | - |  |

#### **D.2. Detailed guidelines and templates**

Prepare your proposal strictly adhering to the structure in the table of contents (D.1.) above. Further guidance and templates are provided in the pages below.

The total proposal length should be no greater than 16 pages, not including appendices. The number of pages for each section is presented in the table above.

There are no specific requirements for formatting and page layout, however clear and legible presentation is recommended, including normal page margins, reasonable paragraph spacing and font size, such as Arial 10 (or equivalent).

All sections should be assembled into **one single pdf file**. This file should be no greater than 10 megabytes. Note, free pdf conversion, assembly and compression tools can be found online.

#### **Cover page and declaration**

Complete the template in the embedded file below and include this at the front of your proposal.



This is a hurdle administrative requirement, and the committee cannot evaluate a proposal should this section not be completed and signed by an authorised representative of the firm.

#### **Capability of the firm**

* 1. Company overview: provide a succinct overview of the organisation, for example when it was established, its mission, services offered, clients, etc.
  2. Project experience: describe comparable projects undertaken by the firm and explain how they are relevant to this activity (if not obvious). Include the client, project value and timing.
  3. Management capacity: briefly list resources, policies, and procedures that your firm has in place to help manage the activity. Consider areas such as administrative support, finance and operating manuals, anti-bribery/corruption policies, governance and oversight, insurances, etc.
  4. Company staffing and financial capacity: use the embedded template below. Once complete, the tables should be presented in the main proposal document (i.e. copied and pasted).



Note**, evidence of the figures provided will be requested during the due diligence process**.

#### **Methodology**

* 1. Approach to implementing terms of reference: describe your overall approach. If you have any comments or observations on the terms of reference, include them in this section.
  2. Description of activities and how they will be carried out: describe the activities that you will deliver and explain, as you consider appropriate, the resourcing, timing, logistics factors, stakeholder participation, etc.

#### **Workplan and input schedule**

Use the embedded excel file below to develop your workplan. Once complete, the tables should be presented in the main proposal document (i.e., copied and pasted).

The activity titles and activity numbering in the workplan should be the same as in the methodology text (Section 3 of the proposal) to help with cross-referencing.

The input schedule should include only the personnel that are in the financial proposal. Use the same role titles and personnel names.



#### **Assigned personnel**

Use the embedded file below to present a tabular summary of your assigned personnel. This should be no more than 1 page as indicated in C.1. above. Once complete, incorporate into your main proposal document (i.e., copy and paste the table in). Only include the same roles that are in your financial proposal and input schedule. These should be technical roles and, if considered necessary, specific management roles that will input directly to the activity. Do not include any general office support roles. Curriculum vitae of your assigned personnel should be included in the Appendices. They should be no more than two pages each. Use the template provided in section 7 below.



#### **Financial proposal**

Use the embedded excel file below to prepare your financial proposal. Once complete, the tables should be presented in the main proposal document (i.e., copied and pasted in).



All costs must be presented in Euros, which is the currency of the funding agency. Ancillary costs, including but not limited to overheads, management fees, the cost of support staff and equipment, banking charges, insurance costs, personnel taxes and employment costs, inflation and any other costs and charges **must be built into the proposed daily fee rates of assigned personnel**.

The total price of your financial proposal will be a factor in the evaluation, as per the selection criteria in the terms of reference at Annex 1.

Note, payment will be monthly, on 30-day terms, counting from receipt of a correctly rendered invoice. All supporting documentation must be attached for invoices to be eligible according to European Union and DAI Brussels policy, including each:

1. Timesheets of assigned personnel (only) countersigned by the activity supervisor assigned by DAI Belgium.
2. Original physical evidence of costs, such as receipts, signed participant attendance sheets, ticket stubs, and so forth, precisely matching the claimed amount; and
3. A record of approval by DAI Brussels’ assigned activity supervisor of any deliverables due in the period.

#### **Appendices**

* 1. Include curriculum vitae of no more than two pages for each of your assigned personnel. Use the template in the embedded file below and include in your proposal Appendices.
  2. If you have additional information that you consider important and relevant to the selection criteria, which is not covered in other sections, include it here. Note, no particular additional information is expected.

# PROJECT MANAGEMENT AND LOGISTICS

#### **E.1. Management structure**

The successful firm will be issued a contract by DAI Belgium. The EU-TACS project Team Leader will take administrative and financial decisions for this contract. S/he is supported by a Senior Project Manager and Project Officer based in Bhutan, as well as DAI Belgium Home Office backstopping team.

The local firm shall be accountable to the PPD (MoAF) for the required deliverables of the assignment under the contract in the first instance. The Senior Key Expert (SKE) for RNR Sector will be EU-TACS designated supervisor with responsibility for supporting the design, monitoring, reporting and quality assuring the Green & Climate Smart Business Development training.

#### **E.2. Facilities and logistics**

The successful firm will be responsible for providing all facilities (e.g., training facilities) and equipment, logistics and all the support required to enable its personnel to implement the activity efficiently. The firm **must nominate an activity leader**, who will hold overall responsibility for coordination and serve as the focal point in communications with the EU-TACs team.

The firm’s training team (including nominated activity leader, or Team Leader (TL)) will have use of a shared desk at the EU-TACS office, and the training firm’s TL, when required will have access to a desk at the PPD (MoAF). The firm’s assigned team will be expected to attend to or be available to deliver the tasks and attend meetings, as appropriate to the work plan and input schedule, and at the reasonable request of the PPD/EU-TACS SKE.

#### **E.3. Budget**

The maximum all-inclusive budget available for this activity is **EUR 9,000**. The firm’s financial proposal must be within this ceiling value and will be a factor in the evaluation.

#### **E.4 Budget utilisation**

DAI will define the upper limits for each line item of the budget, monitor utilisation to date, and any forecast updates for the period ahead.

Note, no re-allocation of funds between budget lines shall be permitted and no budget lines may be exceeded by the end of the contract term.

#### **E.5 Timesheets**

Original signed timesheets of all personnel who have provided inputs in the month should be collated and attached to the report. These are to be countersigned by DAI Belgium’ nominated representative.

# ACTIVITY TERMS OF REFERENCE

Enabling Entrepreneurs for Green and Climate Smart Technology Business Development - Innovative Economic Development Training in the RNR Sector

|  |  |
| --- | --- |
| Project | Technical Assistance for Renewable Natural Resources and Climate Change Response and Local Governments and Decentralisation (EU-TACS) –EuropeAid/139521/DH/SER/BT |
| Activity | Code A1.8 (Input CCT-4) - Enabling Entrepreneurs & Green Business/CST Business Development Training |
| Start/end date | **From 24th September to 24th November 2021** |
| Inputs | Intermittent with Phases and inputs to be confirmed as part of Inception Report |
| Travel | Travel within Bhutan as part of the planning and training delivery to selected local “green/CST businesses”. |
| Supervision | The contract will be held with DAI Brussels. The authorised supervisor for this activity will be MoAF, with the Quality Assurance of the EU-TACS Team Leader/ Senior Key Expert (SKE) for Local Governments and Decentralisation sector and the Senior Key Expert for the RNR Sector at MoAF. |
| Location | Thimphu, Bhutan with travel within Bhutan as part of the planning and training delivery to the three pilot Dzongkhags in Bhutan. |

1. **BACKGROUND INFORMATION AND CONTEXT**
   1. **Country and government institutional arrangements for delivering Environment and Local Economic Services**

Bhutan is a small, land-locked and Lower Middle-Income Country situated between two large neighbours, i.e., India and China. The total population is currently about 775,000 persons. Bhutan has a total land area of 38,394 km2 of which 72.5 per cent are covered by forest. According to 2015 national data, the population below the poverty line, i.e., with a per capita income below USD 1.25 per day, stands at 8.2 per cent. Bhutan’s economy is traditionally based on agriculture and forestry which provide the main livelihood for more than 60 per cent of its population.

The Ministry of Agriculture and Forests (MoAF) is promoting green businesses and circular economies in its Vision 2040 Strategy. It is also promoting climate smart technologies (CST) through its Climate Change Response Programme in the 12th FYP. It has shown a willingness to promote entrepreneurship to develop businesses that promote green business models with a focus on RNR waste management and to promote private sector services delivery in provision of CST to farmers. Promotion of these businesses at a local and decentralised level is required so that services can be provided closer to the sources of waste and recipients of CST, namely, farming households and rural households in Dzongkhags and Gewogs.

The draft Local Government Bill (2020) sets out the roles and powers of the Tshogdu[[1]](#footnote-1) which include (inter-alia) balanced socio-economic development within the Local Governments (LGs) through: cooperation between the three levels of LGs and the promotion of cooperatives and small and medium enterprises (SMEs). In turn, the Department of Local Governance (DLG), Ministry of Home and Cultural Affairs (MoHCA) is responsible for supporting the capacity development of LGs in local planning and development matters.

A “Division of Responsibilities Framework” (DoRF) was developed by the Gross National Happiness Commission (GNHC) as part of the 11th FYP and has been revised in keeping with (inter alia) Article 22 of the RGoB Constitution, 2008 and Local Government (LG) Act, 2009. The Framework was used to determine capital grant allocations for the 12th FYP which has devolved 50 per cent of total capital grants for Dzongkhags and Gewogs (and Thromde ‘A’s) - doubled since the 11th FYP (from Nu. 25 billion in the 11th FYP to Nu. 50 billion in the 12th FYP).

The grant is allocated to encourage and direct Dzongkhags to invest in priority interventions to promote cottage, small and medium industries, particularly in production and manufacturing. Focus will be on supporting CSI operations, building entrepreneurship and business skills, encouraging women participation, strengthening rural connectivity in transport and roads, enhancing product diversification and value addition, exploring new markets, and increasing sale of local products and exports to enhance local economy, rural and farm income and job creation, particularly for unemployed youth. Support will also be provided to build skills of farmers, make farming and farm employment attractive, intensify and maximise food production and diversity from the limited arable land.

LG responsibilities, as defined by the DoRF, that are relevant to this ToR, include the coordination, administration, planning, budgeting, supervision, and the provision of internal technical expertise/ skills, for the delivery of:

1) **Environment services** (LGs) including (a) “Pollution & GHG Control, Protection of air, soil, & water bodies (river, lake, stream, pond, spring water) & compliance to standards in respective jurisdictional boundary”, with support from the National Environment Commission (NEC), Ministry of Economic Affairs (MoEA), Ministry of Agriculture and Forestry (MoAF) and (b) “Greening Infrastructure & Climate change (including Greenhouse Gas (GHG)) mitigation & adaptation, & climate proofing in respective projects & area”; with support from the NEC, and Ministry of Works & Human Settlement (MoWHS); and

2) **Economic Services** (Dzongkhags) including (a) Cottage, Medium & Small Industry, Industrial Service center, & Business Incubation center, with support from MoEA, MoWHS, and the Ministry of Information and Communications (MoIC) (for ICT-related businesses), and (b) Local Economic development, & local Entrepreneurship/Start-Ups promotion & development, supported by the Ministry of Labour & Human Resources (MoLHR), and MoEA.

The role of the Department of Cottage and Small Industries (DCSI), MoEA is to spearhead the development of cottage and small industry in the country, through: policy development; working with the government and private sector in the creation of an enabling environment; and identifying business opportunities on the basis of supply and demand gap, environmental scanning and linkages; and disseminating vital information and skills to CSIs by conducting and facilitating seminars, workshops and training programmes (Enterprise Development Division)

The MoLHR [[2]](#footnote-2) promotes entrepreneurship through basic and advanced Entrepreneurship Development Training for business start-ups and established CSI to encourage the youth (aged 18-29) to take up self-employment as a preferred career option.

**1.2 Definition of “Green Business”[[3]](#footnote-3)**

“Green business” can be broadly defined as “any profit-oriented activity that supports environmentally sustainable growth.” According to this definition, green businesses can be classified into two main categories:

1. those related to the environmental goods and services sector, which, as defined by the Organization for Economic Cooperation and Development (OECD) and the Statistical Office of the European Union (Eurostat), relates to firms whose activities “produce goods and services to measure, prevent, limit, minimize, or correct environmental damage to water, air, and soil, as well as problems related to waste, noise, and ecosystems.” This category includes technologies, products, and services that reduce environmental risk, and minimize pollution and resource degradation, and
2. those where firms are taking active measures to change their products or processes, in view of the environmental sustainability agenda where these measures can be taken at various points in the life cycle of a product and can extend throughout the entire supply chain of a good or service.

Consequently, *a Green Business* is a business functioning in a capacity where no negative impact is made on the local or global environment, the community, or the economy. A green business will also engage in forward-thinking policies for environmental concerns and policies affecting human rights through introducing e.g., circular economy principles aimed at recycling biproducts[[4]](#footnote-4),[[5]](#footnote-5) and adopting waste management technologies or strategies.

Sustainable businesses, or green businesses, besides having minimal negative impacts on the global or local environment, community, society, or economy, strive to meet the principle of the “triple bottom line”. “Triple bottom line” (TBL) broadens a business's focus on the financial bottom line to include social and environmental considerations. A TBL measures a company's degree of social responsibility, its economic value and its environmental impact. Often, sustainable businesses have progressive environmental and human rights policies by implementing green practices to help reduce waste, conserve natural resources, improve both air and water quality, and protect ecosystems and biodiversity.

**1.3 Climate Smart Technology Business Development**

Climate smart technologies aim to mitigate against and adapt to changing climates. Climate in Bhutan has the following trends: a) annual mean temperature from 1980 and projections till 2069 from both the ECHAM5 and HadCM3Q0 climate models show progressive and steady increases in the air temperature; b) the summer mean temperatures of temperate and subtropical regions are steadily rising while winter mean temperatures in temperate regions appear to be declining; c) using the same models precipitation over the same period appears to be increasing; and d) both rainfall and temperature appear to be more erratic with extreme events occurring more often[[6]](#footnote-6).

These changes are impacting on humans in a number of ways affecting: (i) rainfall patterns in crop growing seasons; (ii) erratic and intense rainfall events causing serious flooding; (iii) shifting vegetation patterns due to phenological changes; (iv) heat stress causing crops and animal breeds to shift to more favourable climatic zones; (v) pests and diseases resulting in crop loss; and (vi) drier winter periods give higher risk of forest fires.

In order to combat these changes in the state of the environment following pressures from long and short-term climate events, the RGOB has initiated a wide range of responses during the 11th and 12th FYP periods. These range from: (i) promoting sprinkler and drip irrigation for vegetables and fruit trees; (ii) promoting water efficiency systems for irrigated rice areas; (iii) providing stall feeding of livestock to reduce heat stress in summer and cold in winter; and (iv) providing solar and mains powered electric fencing to control migrating wild animals from damaging crops[[7]](#footnote-7),[[8]](#footnote-8).

**1.4 Policy Framework for Enabling Entrepreneurs & Green Business Development**

CSIs account for about 95 per cent of the total industries in Bhutan. As of June 2020, there were 21,813 active licensed CSIs in the country, of which an estimated 65 per cent are women-led and around 35% are related to renewable natural resources. Bhutan defines cottage industries as businesses with an investment of less than Ngultrum (Nu) 1 million and engaging up to 4 people, with small businesses employing 5 -19 people, with investment ranging from of Nu.1 million to Nu.10 million.

The objective of the 12th Five Year Plan (FYP) (2018-2023) is to promote a "Just, Harmonious and Sustainable Society through Enhanced Decentralization". Under the Plan’s National Key Results Area (NKRA)11 for achieving “productive and gainful employment”, a key strategy relevant to green business development in the RNR and local government sectors are as follows:

* Promoting entrepreneurship by creating conducive environments to promote creativity, innovation and entrepreneurship through development of start-up of small and medium enterprises, and
* Incentivizing local governments to create jobs to ensure that Dzongkhags with a high incidence of unemployment receive adequate resources to reduce unemployment rates.

It is within the above context that the Vision 2040 strategy (drafted in July 2020) at MoAF has highlighted the need for ‘Provision of innovative and green employment opportunities’ for unemployed youth, disadvantaged groups and rural communities in general. Furthermore, under the 2020 Economic Contingency Plan for Bhutan (COVID-19 response needs[[9]](#footnote-9)), the identification of green business opportunities in the ‘circular economy, waste management and recycling’ will provide new employment for unemployed youth, improve bottom lines of processing businesses through green interventions and better waste management, reduce food waste.

Bhutan’s Economic Development Policy (2016)[[10]](#footnote-10) (EDP) vision is: “A green and self-reliant economy sustained by a knowledge-based society guided by the philosophy of Gross National Happiness, and incorporates several aspects of a green growth agenda with goals to be achieved by 2020, including:

* A continued focus on hydroelectricity, forestry, high-end/low-impact tourism, and agriculture as strategic sectors,
* A move towards banning agro-chemicals, and promoting export-oriented organic agricultural products, and
* The promotion of environmentally friendly businesses through green incentives (e.g., tax rebates in taxes and custom duties), and support for services in the areas of health, education, financial services, and tourism.

The sectoral focus of this ToR is on two out of the “five jewels” – sectors prioritised by the EDP: CSI and Agriculture[[11]](#footnote-11); along with improving service delivery to CSIs, enhancing productivity and progress towards a knowledge based, self-reliant society. The EDP requires the Government to identify critical skill training needs and provide training free of cost to potential entrepreneurs on a regular basis, including a focus particularly on encouraging women’s entrepreneurship.

The MoEA launched a new Cottage and Small Industry Policy[[12]](#footnote-12) in 2019 and its mission includes (inter-alia) nurturing a culture of entrepreneurship that encourages innovation, creativity and competitiveness, with strategic foci including the provision of business development support, innovation and technology adoption. Part of developing a entrepreneurship culture and human capital includes the development and institutionalization of support professions such as mentors to guide and advise entrepreneurs, and ensuring collaborative and synchronized efforts amongst agencies in providing training with a focus to encourage women, people with disabilities (PWD) and youth entrepreneurship; and this ToR is part of that capacity development landscape.

Identifying opportunities in green businesses will assist in promotion of cottage/small and medium industries and will generate employment in rural areas. These are strategies of both the MoAF and DLG, MoHCA, in conjunction with the MoEA, and MoLHR.

**1.5 Challenges faced by RGoB in supporting green business development**

There are a number of challenges in the promotion of SME-driven green business development[[13]](#footnote-13), including: ongoing dependence on a single buyer – India; youth unemployment and the need to generate jobs; the need to diversify the economy, with constraints including limited transport and other infrastructure, complications in maintaining supply chains given its topography, skilled labour shortage, lack of financial capital; and institutional barriers to new business development and small market scale.

The capacity at MoAF, DLG and Dzongkhags to further promote green businesses and climate smart technology businesses is still limited. There are key gaps in the institutional framework with regards to: (i) lack of a green business focus in the 12th FYP and poor environmental mainstreaming in general, (ii) limited identification of sustainable green businesses, (iii) lack of a green business development process, (iv) lack of a rigorous green business interagency stakeholder coordinating framework (both vertically and horizontally), (v) lack of Local Economic Development Plans in almost all Dzongkhags where green business strategies should appear, (vi) lack of guidelines on how green businesses can fit within the “Economy” and “Environment” grant set up at Dzongkhags, and (vii) lack of trained staff in green business promotion at central and local levels.

**1.6 Relevant Programmes and other donor activities**

Since 2015, the RGOB has been seeking support for green investments in Bhutan through the efforts of the Prime Minister. So far there are limited investments or donor assisted projects directly related to this concept. The Prime Minister has highlighted areas such as renewable energy, hydropower, organic farming, education and information technology as areas where Bhutan has made green investments.

The Rural Development and Climate Change Response Programme funded through EU sector budget support (2017-22) is funding climate change innovation and technologies with farmers.

Training on Green Public Procurement Compliance for Curriculum Development was carried out by the Royal Institute of Management (RIM) in Thimphu (2018). SWITCH-Asia (EU funded) is supporting RIM with promoting green public procurement.

Through Bhutan’s Strategic Programme for Climate Resilience (SPCR)7, SMEs identified as moderate-to- high-risk to climate hazards, will be supported to make their investments and business infrastructure more resilient to expected climate impacts. Adaptation–related products and services will be developed and marketed to support diversification of local enterprises and strengthen their revenue base as an adaptive capacity benefit. These products and services can be marketed domestically and exported abroad through a clustered network of local area businesses offering more competitive packaged adaptation products and services.

**1.7 EU-TACS support to Green Business and Climate Smart Technology Development**

The EU-TACS project is supporting green business development (GBD) and climate smart technologies development (CSTD) by currently assisting MoAF together with DLG in providing a local consultancy firm to carry out a research study (RS): *“*to identify opportunities for and develop models for green businesses and climate smart technology enterprises in Dzongkhags and Gewogs throughout Bhutan*”.* Relevant results will include: *“Study A: Report on an Analysis of the Opportunities for Green Business Development in Dzongkhags and Gewogs in Bhutan” and* “*Study B: Report on an Analysis of the Opportunities for Climate Smart Technology Business Development in Dzongkhags and Gewogs in Bhutan”*, based on:

1. A Survey of enterprises and businesses (small, medium and large) to assess the extent to which their business model adopts the triple bottom line approach to business management viz. economic and financial bottom line, green bottom line (waste management, energy efficiency), and social inclusion (gender parity, access to employment by disadvantaged groups),
2. A survey of climate smart technologies promoted/adopted/sustainably used during the 11th and 12th FYPs by Dzongkhags, Gewogs, communities and farming households. The technologies should be disaggregated by sector (agriculture, livestock, forestry, marketing/cooperatives, water supply/irrigation, education, health, farm roads etc). A checklist to be established with ranking of the importance by actual and potential adoption rate, type/design of technology, source of technology, cost of technology, possibility of import substitution, capacity to manufacture in Bhutan, and a variety of other factors to be identified in the proposal.
3. A set of six viable and sustainable climate smart technologies (CST) have been identified, and fully costed with cost benefit analysis (CBA) for promotion at Dzongkhag and Gewog levels. Promotion of the CST will together contribute towards integrated climate smart Gewogs, communities and farming households. These technologies can be traded and/or manufactured by local businesses that can provide also turn-key implementation, leasing and/ or maintenance for such technologies (providing strengthened import substitution since currently almost all CST type technologies are imported);
4. A set of *six viable and sustainable green business models* (GBM) identified, designed, and fully costed with cost benefit analysis (CBA) for promotion at Dzongkhag and Gewog levels (GBM are part of the circular economy where using waste and biproducts from the rural economy helps create new employment opportunities); and
5. Suggest employment mechanisms/systems by which unemployed youth and other socially excluded groups can become involved in managing small and medium sized enterprises (SME) for green business development and climate smart technology development and expansion based in Dzongkhags and Gewogs.

Figure 1 shows the EU-TACS support within a proposed “Five Step Process for Green and Climate Smart Technology Business Development”. The process will involve three key stakeholders:

1. MoAF to provide the technical assistance for identifying/designing/developing models for green and climate smart technology businesses or facilitating the same within the RNR sector,
2. DLG for coordinating an enabling environment for local economic development for LGs (involving (i) Dzongkhag Economic Development Officers (ii) Dzongkhag Planning Officers (iii) Gewog Administrative Officers (GAOs), and (iv) Dzongkhag Agricultural Officers/RNR officials to develop their knowledge and skills in promoting viable technologies and facilitating access to training, financing, service delivery to start up SME and existing businesses[[14]](#footnote-14), and
3. Dzongkhags to kick start green and climate smart technology businesses through the Local Economic Development Plans (LED) and the LG economy and environment grants, together with being responsible for monitoring and evaluating the projects. LED Plan training is the subject of another EU-TACS assignment, which will support appointed officials to develop LEDs[[15]](#footnote-15).

Figure 1: A Five Step Process for Green Business Development

**1.8 Potential green business opportunities in the Agricultural sector**

Ideas of potential examples of businesses in Bhutan for which green value addition could take place and where a waste product can be converted into an economic product with improvement in the TBL include:

| Businesses Suitable for Green Interventions | Prime Products | Waste Products | Potential recycled products | Potential for development in Bhutan | Potential for new employment |
| --- | --- | --- | --- | --- | --- |
| Beer factories | Beer | Spent grains, yeast, wort | Cattle feed | Piloting | Localised |
| Orange juice factories | Orange juice | Pulp, peel, pulp wash | Peel oil, pelleted animal feed, pectin, alcohol, essences | Piloting | Localised |
| Arable farms | Cereals, oil seed, beans, sugar cane | Straw, stalks, husks, pods, bagasse, leaves | Bio-briquettes for energy, farm building bricks, paper making | Piloting | Most Dzongkhags |
| Dairy farms | Milk, dairy products | Urine and faecal material | Biogas, cattle manure | Upscaling | Most Dzongkhags |
| Poultry farms | Eggs, meat | Faecal material | Pelleted chicken manure | Piloting, demonstration | Localised |
| Fallow land with invasive plants (e.g. Eupatorium) | Not used | Whole plants after grubbing out | Bio-briquettes | Piloting, demonstration | Most Dzongkhags |
| Timber mills | Lumber | Off cuts, sawdust | Bio-briquettes, carvings | Demonstration, upscaling | Localised |
| Natural pine forests (blue pine) | Protection forest | Pine needles | Rosin, turpentine, bio-briquettes for fuel | Piloting | Most Dzongkhags |
| Construction sites | Buildings | Bamboo poles from scaffolding | Fences, plant pots, furniture, toothpicks, toothbrushes, cutlery, plates | Piloting, demonstration | Urban areas |

The following table lists some community waste products which can be converted into economic products, and which have been piloted already in Bhutan

| Waste Products | Potential recycled products | Potential for development | Potential for new employment |
| --- | --- | --- | --- |
| Paper and cardboard waste | Egg trays for poultry farms | Already piloted, ready for demonstration | Most Dzongkhags |
| Organic material | Compost, manure | Already piloted, ready for demonstration | All Dzongkhags |
| Plastic waste | Farm roads surfacing material, pelleted plastic bottles to make clothing | Already piloted, ready for demonstration | Some Dzongkhags with high plastic waste levels |
| Household sanitation waste | Compost | Piloting needed | All Dzongkhags |
| Glass waste | Farm buildings, farm infrastructure | Piloting needed | Some Dzongkhags with high glass waste |

**2. SCOPE**

**2.1 Assignment Objectives**

The **EU-TACS project objective** of which this Green Business Development is a part is: “to assist Bhutan in achieving the reforms envisaged in its 11th and 12th Five Year Plans in the Local Government and Fiscal Decentralisation sector”.

The **EU-TACS project** (RfP - Annex 1) **purpose** is: “to provide consulting services including technical assistance and studies in support of sound implementation (including communication aspects) of the EU-bilateral development cooperation strategy in Bhutan, with particular focus on the two sector budget support programmes currently being implemented in Bhutan under the Multi-Annual Indicative Programme 2014-2020, i.e. (1) Capacity Development for Local Government and Fiscal Decentralisation and 2) Rural Development and Climate Change Response”.

The **assignment objective** is to design and deliver modular local Green and CST Business Development and Promotion training for (a) LG LED Planners (including RNR Planners) and (b) potential start-up entrepreneurs to be identified by the three selected pilot Dzongkhags Scope of Assessment

This **Green Business Development and Promotion training** (hereinafter referred to as “the training”) shall draw on the EU-TACS supported *“Study A: Report on an Analysis of the Opportunities for Green Business Development in Dzongkhags and Gewogs in Bhutan”*, which was completed in March 2021. The Study is based on the five component outputs as outlined in paragraph 1.7 above. The Study shall inform the detailed objectives of the training, and the six GBM shall inform the training curriculum and materials’ design, in particular. The potential small and medium CSI targets for the training will be selected by the MoAF/DLG/Dzongkhags based on their identification during the (aforementioned) Survey.

The objectives of the training are as follows

* To raise awareness of SMEs and LGs to Green and CST Business development and its benefits
* To ensure that SMEs understand Green and CST Business regulatory requirements and LGs understand their monitoring and enforcement responsibilities;
* To enable SMEs to green their businesses in practical ways throughout their business lifecycle and value chain.
* To identify challenges to SMEs increasing Green and CST Business development and steps LGs can take to strengthen the enabling environment.
* SMEs learn how to develop and ‘green’ existing Business Plans to enable them to increase their Green Bottom Line.
* To explore opportunities within Dzongkhag localities and within geographical regions, particularly within the agricultural section in Bhutan to establish and development Green Business and CST business opportunities.
* To identify approaches to monitoring the effectiveness and efficiency of Green and CST Business development within SMEs and within LG localities; and
* To promote sustainable change through Green Business Development action planning for SMEs and LGs

The training shall include a focus on:

* Green Business and CST Terminology and Definitions.
* The international and regional context, including trends in SME Green and CST Business Development; the Circular Economy; Climate Smart Technologies; and Green Business Networks.
* Current Green and CST Business policy and regulatory framework in Bhutan.
* The life-cycle model of green business innovation and green supply chain management:
  + 1. inputs
    2. process: including Environmental Management Systems
    3. outputs
    4. environmental externalities, and
    5. marketing
* Developing and ‘greening’ SME Business Plans to increase Green Bottom Lines.
* Identifying Green and CST Business Opportunities – products, goods and services.
* Case-study opportunities in the Agricultural Sector in Bhutan: the six GBM and others if required.
* Climate Smart Technology Business Development progress and opportunities in Bhutan: the six climate smart technologies (CST) and others if required
* Access to Finance, Funds (e.g., SWITCH-Asia), and LG Grants for Green Business Development
* Monitoring Green and CST Business Development.
* SME Action Planning for increasing Green and CST Business development; and
* MoAF and LG Action Planning for developing an Enabling Environment for Green and CST Business development.

**2.2 Local Firm’s Activities and Tasks**

The Local Firm shall undertake the following activities, in a timely manner to high quality, as directed by the MoAF, and under the supervision of the EU-TACS SKE:

1. Undertake a thorough desk review of the “*Study A: Report on an Analysis of the Opportunities for Green Business Development in Dzongkhags and Gewogs in Bhutan”,* and its inputs;along withall relevant documents mentioned within this ToR – both Bhutan-related policy documents, and international Green Business development resources and reports.
2. Undertake a thorough desk review of the “*Study B: Report on an Analysis of the Opportunities for Climate Smart Technology Business Development in Dzongkhags and Gewogs in Bhutan”,* and its inputs;along withall relevant documents mentioned within this ToR – both Bhutan-related policy documents, and international Green Business development resources and reports.
3. Discuss and agree with MoAF the criteria and selection of the three Dzongkhags to be identified as pilots for the training.
4. Prepare and finalise detailed draft curriculum with MoAF and key stakeholders, including DLG, MoEA, MoLHR, GNHC, and other relevant stakeholders.
5. Prepare detailed curriculum and session plans, including training methods, with an emphasis on participatory training, and reflective learning techniques.
6. Ensure targets for the training – selected SMEs (one representative each from up to ten SMEs per Dzongkhag) from the Dzongkhags and LG LED Planners (including RNR planners), and training event dates are confirmed in a timely manner.
7. Make timely logistical arrangements, including confirmation of venues, for the delivery of the training in the three regions of Bhutan, in consultation with, MoAF, DLG and the Dzongkhags.
8. Deliver a five-day training course in each of three Dzongkhags or as identified by MoAF.
9. Design and conduct end of course evaluation.
10. Prepare post-training report, a short report on the challenges and constraints to the enabling environment for Green Business and Climate Smart Technology Business Development as raised during the training, and the identification of policy actions that may be required; and
11. Prepare a user-friendly digital “Booklet of Training Materials” with annexes showing examples of exercises carried out by the participants during the course will be prepared, that may be published online, including on the MoAF website, MoHCA/ DLG websites and other media platforms

The Assessment Team should note that the EU-TACS Senior Key Expert for the RNR sector will be responsible for advising and quality assuring all aspects of the local firm/organisation/institute’s (known hereinafter as ‘the local firm’) activities and reports including: design of training curriculum, methods and materials.

The local firm shall work with MoAF and BPV to determine the per diems that may be payable to SMEs and LG planners for attendance at the training by the RGoB/EU-TACS.

**2.3 MoAF responsibilities**

The design and planning of the training shall be carried out with close collaboration with the PPD at MoAF, with the counterpart for this assignment to be established by the Chief at PPD.

It is important for the MoAF, in collaboration with the DLG, to drive the design and delivery of the training, by undertaking the following activities, by:

1. Contributing to and signing off on the training curriculum and materials.
2. Facilitating the timely arrangement of information and meetings with the local firm and with all relevant stakeholders.
3. Identifying the target SMEs, in conjunction with the DLG and Dzongkhags (as per the “*Studies A and B concerning: Analysis of the Opportunities for Green Business Development and Climate Smart Technologies Business Development in Dzongkhags and Gewogs in Bhutan”*; and LG and RNR planners to attend the training.
4. Accompanying the local firm to the field to deliver the training as appropriate.
5. Arranging media coverage of the training to raise public awareness and visibility to Green Business and Climate Smart Technologies Business Development, including as required by the EU-funded projects’ Visibility Guidelines.
6. Publishing the “Booklet of Training Materials” on the websites of MoAF, MoHCA/DLG and MoEA etc.; and
7. Investigating the mainstreaming of the training and handing it over to the relevant authority, for example the parent agencies of those who attended the training the MoAF, MoEA, MoLHR, DLG or any combination of authorities as may be appropriate.

**RESULTS TO BE ACHIEVED,** **DELIVERABLES AND REPORTING**

The main development-oriented results to be achieved through the activity shall be the design and delivery of **Green Business and Climate Smart Business Development and Promotion training** for SMEs and LG/RNR Planners from *at least* three pilot Dzongkhags (depending on the number of SMEs per pilot Dzongkhag identified).

The local firm shall produce the following deliverables (quality assured by the EU-TACS SKE):

1. Workplan - within 7 days of project commencement.
2. Detailed Draft curriculum – within two weeks of commencement
3. Detailed Final curriculum and session plans, in soft copy – within four weeks of commencement.
4. Summary of pre-course consultation with SMEs and LG Planners on the training curriculum and course content - – within four weeks of commencement.
5. Deliver 5-day training courses in at least three pilot Dzongkhags or as identified by MoAF to cover selected SMEs and LG LED/RNR Planners– within 10 weeks of commencement.
6. Prepare post-training report, including course evaluation and follow-up action required by stakeholder groups - within 12 weeks of commencement; and
7. Prepare a digital “Booklet of Training Materials” with annexes - within 12 weeks of commencement.

Complete all activities including final report within a 2-month period.

**TARGET GROUPS** **AND GEOGRAPHICAL AREA**

The design of the training shall be undertaken in Thimphu or as identified by MoAF. The delivery of the training for SMEs and LG LED/RNR Planners from three pilot Dzongkhags or as identified by MoAF, preferably using venues associated with SME support and Local Economic Development. The locations of the training to be delivered should be cognisant of the current CSI training institutional arrangements, especially at the LG level, and may include delivery at MoAF training centres, Start-up Centres[[16]](#footnote-16), Fablabs, and CSI estates[[17]](#footnote-17).

The SMEs shall include existing and potential SMEs (already identified by MoAF, DLG and Dzongkhags during the assignment - “*Reports on an Analysis of the Opportunities for Green Business and Climate Smart Technologies Business Development in Dzongkhags and Gewogs in Bhutan”*.

The target groups will be of three categories:

1. **30% of participants -**The planners and technical staffs (Dzongkhag Planning Officers, Gewog Administrative Officers, Economic Development officers, Gewog RNR Extension Officials)
2. **60% of participants:** Potential Entrepreneurs (youths) open
3. **10% of participants:** Bhutan Entrepreneur Association
4. Participants Gender Ration: minimum 30-40% female participants

The training sessions shall be modular, so that “lecture style” training delivery is kept to a minimum. The total number of targeted participants shall be approximately 10 LG LED Officers and 10 representatives from SMEs[[18]](#footnote-18) - for each of *at least* three Dzongkhags - a total of 60 participants and confirmed by MoAF and DLG during the first 7 days of the assignment. For SMEs, priority for attendance shall be given to those with potential for Green Business and CST Business Development (as per the (aforementioned) Studies), AND, where led by women, led/employing PWD, including unemployed educated young people. The Green Business and CST Business Development training shall also encourage innovation and creativity through the Innovation Voucher Scheme[[19]](#footnote-19).

Other stakeholders to be consulted during the design of the training shall include: DLG; MoEA; MoLHR; Local Economic Development Division, GNHC; MoIC; Bhutan Chamber of Commerce & Industry (BCCI); Association of Bhutanese Industry (ABI); and the Bhutan Association of Women Entrepreneurs (BAWE).

**3. ASSUMPTIONS AND RISKS**

**3.1 Assumptions underlying the activity**

It is assumed that selected local firm will be able to design and carry out the training face to face during the specified time period.

The following assumptions have been made to enable the training to be delivered successfully:

* The local firm undertaking the *Report on an Analysis of the Opportunities for Green Business and CST Business Development in Dzongkhags and Gewogs in Bhutan”*, shall share information with the local firm selected to design and deliver this training.
* The MoAF and DLG, along with the MoEA, MoLHR, and GNHC will contribute to the design and delivery of the training as appropriate.
* The Dzongkhags shall motivate the SMEs to attend the training.
* The local firm’s trainers will be highly experienced, properly briefed and reflect a gender balance; and
* The MoAF and DLG shall inform the Dzongkhags of the training in enough time in advance and support logistical arrangements.

**3.2 Risks**

The training is a direct follow-on from the “*Report on an Analysis of the Opportunities for Green Business and CST Business Development in Dzongkhags and Gewogs in Bhutan”*, which was completed in July 2021 and its final draft is now awaiting final endorsement by MoAF and DLG following an exhaustive review process (a draft suitable for use in this training is available and will be provided as part of the Request for Proposal for this training).

The second key risk relates to Covid-19 and the possibility of ongoing travel restrictions within Bhutan for the local firm and restrictions in holding face-to-face training in the regions of the country. This risk will be assessed once the local firm has been recruited, and if this risk is actualised, then reduced travel using Train the Trainer from Dzongkhags, as well as the design of on-line training, along with other possible alternatives shall be considered. It may be that the training should be delivered in pilot Dzongkhags that have been less impacted by Covid-19 cases – due to their more isolated locations.

Another risk is that there may not be enough SMEs available to make the training viable in three pilot Dzongkhags. If that is the case, then the sample of pilot Dzongkhags would be expanded; therefore, training should be delivered in at least three Dzongkhags.

Other common risks include the capability of the adult learners/participants to absorb the knowledge imparted at the training, and then put the knowledge into practice within their businesses and LGs, and therefore follow-up, particularly on the implementation of action plans, subsequent to the training by the Dzongkhags, DLG and MoAF will be required.

# ANNEX 1: EU-TACS PROJECT TOR

The Terms of Reference for the overarching project, to which this activity will contribute, titled: *Technical Assistance for Renewable Natural Resources and Climate Change Response and Local Governments and Decentralisation* (EU-TACS) – EuropeAid/139521/DH/SER/BT



# ANNEX 2 – DAI BRUSSELS CONTRACT TEMPLATE

This is a standard template of the contract that will be signed between DAI Brussels and the successful firm, which DAI refers to as a ‘subcontract agreement’. The Activity Terms of Reference (Annex 1) and the firm’s complete proposal, including financial proposal will be incorporated into and form part of the contract.



1. The Tshogdu is the elected decision-making committee in each of the 20 Dzongkhags [↑](#footnote-ref-1)
2. <https://www.molhr.gov.bt/molhr/?page_id=834> [↑](#footnote-ref-2)
3. Briefing Note 11: Furthering Dialogue on Promoting Opportunities for Green Businesses and Climate Smart Technologies Development, Bhutan, EU-TACS, David Billing, Senior Key Expert for RNR Sector, EU-TACS, October 2020 [↑](#footnote-ref-3)
4. Opportunities for Agriculture and Forestry in the Circular Economy, EU, 2015 [↑](#footnote-ref-4)
5. Converting to Ecological Recycling Agriculture and Society: Environment, Economic and Sociological Assessments and Scenarios, EU, 2013 [↑](#footnote-ref-5)
6. MOAF (2016) State of Climate Change on the RNR Sector Report [↑](#footnote-ref-6)
7. MOAF (2016) RNR Sector Adaptation Plan of Action (SAPA) [↑](#footnote-ref-7)
8. World Bank (2017) Climate Smart Agriculture Profile for Bhutan [↑](#footnote-ref-8)
9. 2020 Economic Contingency Plan for Bhutan (COVID-19 Response), Prime Minister’s Office, RGoB, 2020 [↑](#footnote-ref-9)
10. Economic Development Policy, RGoB, December 2016 [↑](#footnote-ref-10)
11. Agricultural sub-sectors include: Organic farming, Agro-processing, Biotechnology,  
    Forest based products, Poultry, Fisheries, Floriculture, Health food, Animal feed, Apiculture, Horticulture, and Dairy [↑](#footnote-ref-11)
12. Cottage and Small Industry Policy, MoEA, July 2019 [↑](#footnote-ref-12)
13. Bhutan Green Growth Policy Note, the World Bank, 31 July 2014 [↑](#footnote-ref-13)
14. It is the mandate of MoEA and MoLHR to promote and start up SMEs; and in this LG context, the EU-TACS project shall support coordination by DLG. [↑](#footnote-ref-14)
15. CCT3 Local Economic Development: Module 1 - Producing an LED Plan. The time taken to develop an LED Plan will determined by the EU-TACS A1.7 activity and will be dependent on the approach adopted. [↑](#footnote-ref-15)
16. The first of which has been established in at Changzamtog, Thimphu [↑](#footnote-ref-16)
17. The first CSI Estate is planned to be constructed at Changchey, under Tsirang Dzongkhag [↑](#footnote-ref-17)
18. Assumptions: Number of trainees per Dzongkhag: 10 LG LED Planners and 10 SME representatives = 20 trainees per Dzongkhag x 3 pilot Dzongkhags = total of 60 trainees [↑](#footnote-ref-18)
19. Innovation Voucher Scheme (IVS) is a scheme specifically designed and developed to encourage existing cottage and small industries to take up Research and Development (R&D) to ascertain and develop innovative products, processes and services that will bring about overall improvement in its performance or to help address a specific technical issues encountered by CSIs (DCSI Annual Report, 2019) [↑](#footnote-ref-19)