DEPARTMENT OF TRADE
Ministry of Industry, Commerce and Employment
Royal Government of Bhutan

Country Programme Documents (CPD)

"Green, Resilience, Opportunities and Wealth through Trade and Investment (Bhutan GROW)"

Phase Three of the Enhanced Integrated Framework (EIF)

05 OCTOBER 2026

Summary Page

Project Title	Bhutan Green Resilience, Opportunities and Wealth through Trade & Investment (Bhutan GROW)
Grant Recipient Entity	Department of Trade, Ministry of Industry, Commerce and Employment (MoICE)
Implementing Partner (IP)	National Implementation Unit (NIU), Department of Trade
Sub-Implementing Partners	Trade Negotiations Division (TND); Export Promotion Division (EPD); Internal Trade Promotion and Facilitation Division (ITPFD); Bhutan Standards Bureau (BSB); Bhutan Food and Drug Regulatory Authority (BFDA); Druksell; DAMC/MoAL; WWF; ADB; World Bank; UNDP
Duration	27 months: October 2026 – December 2028
Direct and Indirect Beneficiaries	**Direct beneficiaries:** The National Implementation Unit (NIU), Sub-Implementing Partner (Sub-IP) and relevant government agencies; Brand Bhutan enterprises; Cottage, Small and Medium Industries (CSMIs) receiving technical assistance on standards, certification, market access, investment readiness, e-commerce, and digital trade; investment-ready project proponents; and enterprises and communities participating in the eco-industrial park pilots. **Indirect beneficiaries:** Bhutanese exporters, producers, investors, and the wider private sector; employees and supply chain partners of supported CSMIs; consumers; and the national economy through strengthened trade governance, WTO accession, improved investment facilitation, expanded market access, digital trade, export diversification, and job creation.
Total cost and sources of funding	USD 3,500,000
EIF TF	Funding Facility 1 (FF1 – Institutional): USD 853,600 (24%) Funding Facility 2 (FF2 – Catalytic): USD 2,646,400 (76%)
Government financial counterpart contribution	USD 0- (Government is providing in-kind counterpart contribution)
Government in-kind counterpart contribution	USD 2,005,768
Co-Funding	Development partner co-financing (ADB, World Bank, UNDP) — to be dicussed.
Endorsement	National Trade Facilitation Committee (NTFC) on 18 May, 2026
Submission	EIF Executive Secretariat (ES) and Trust Fund Manager (TFM)
Contact Person	Mr. Sonam Tshering Dorji, Director/EIF Focal Point, Department of Trade

Table of Contents

Summary Page 2
List of Acronyms 5
Executive Summary 7
SECTION I: Country Context and Strategic Rationale 8
SECTION II: Prioritized Action Matrix (PAM) 10
WTO Accession: Priorities and Opportunities 11
Purpose and Duration 12
SECTION III: Theory of Change and Results Framework 12
3.1 Theory of Change 12
3.2 Inputs and Resources 14
3.3 Alignment with National Strategies, EIF Phase III, and the SDGs 14
SECTION IV: Programme Components and Output-Level Activities 15
Component 1 – Institutional Development Support (EIF Funding Facility 1 — USD 875,000) 15
Component 2 – Trade Competitiveness Support (EIF Funding Facility 2 — USD 2,625,000) 16
Overall Programme Logic 18
SECTION V: Cross-Cutting Priorities 18
5.1 Gender Equality and Women's Economic Empowerment 19
5.2 Youth Empowerment and Employment Creation 19
5.3 Climate Resilience and Green Trade 19
5.4 Digital Transformation and Innovation 19
5.5 Integrated Impact and Sustainability 20
5.6 Integrating Artificial Intelligence (AI) 20
SECTION VI: Implementation Arrangements 20
6.1. Implementation Responsibilities and Oversight 20
6.3. IP/Sub-IP list with outputs Assigned 24
6.4. Break down roles: Govt vs Project-funded staff 27
6.5 Institutional Structure 28
6.6. Coordination and Oversight 29
6.7. Project Closure 29
SECTION VII: Fiduciary and Financial Management 30
SECTION VIII: Monitoring, Evaluation and Learning (MEL) 30
8.1 MEL Responsibilities 30
8.2 Indicators and Data 30
8.3 Reporting Cycle 30

SECTION IX: Communication Plan and Visibility 31
9.1 Objectives 32
SECTION X: Risk Management and Mitigation 32
10.1. Procurement System. 32
SECTION XI: Value for Money (VfM) 33
SECTION XII: Partnerships and Resource Mobilisation 34
12.1.Partner engagement mechanism 35
12.2.PAM review and resource mobilisation cycle 35
12.3. Leveraging and monitoring results 36
SECTION XIII: Budget Summary 36
SECTION XIV: Sustainability Strategy 36
14.1 Institutional Sustainability and Ownership 36
14.2 Embedding and Retaining Capacities 36
14.3 Long Term Financing 37
14.4 Results Sustainability 37
Relevant Stakeholder 38
CPD Annexes 39

List of Acronyms

Acronym	Full Term
ADB	Asian Development Bank
AI	Artificial Intelligence
AWPB	Annual Work Plan and Budget
BCCI	Bhutan Chamber of Commerce and Industry
BFDA	Bhutan Food and Drug Authority
BSB	Bhutan Standards Bureau
CPD	Country Programme Document
CSMI	Cottage, Small and Medium Industry
DAMC	Department of Agriculture Marketing and Cooperatives
DoI	Department of Industry
DoMCIIP	Department of Media, Creative Industry, and Intellectual Property
DoTr	Department of Trade
DTISU	Diagnostic Trade Integration Study Update
EIF	Enhanced Integrated Framework
EIP	Eco-Industrial Park
EPD	Export Promotion Division
EPZ	Export Processing Zone
ES	EIF Executive Secretariat
FDI	Foreign Direct Investment
FF1 / FF2	Funding Facility 1 (Institutional) / Funding Facility 2 (Catalytic)
FPF	EIF Funding Partner Facilitator
GNH	Gross National Happiness
ITPFD	Internal Trade Promotion and Facilitation Division
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
MEL	Monitoring, Evaluation and Learning

MoENR	Ministry of Energy and Natural Resources
MoF	Ministry of Finance
MoFAET	Ministry of Foreign Affairs and External Trade
MoICE	Ministry of Industry, Commerce and Employment
MSME	Micro, Small and Medium Enterprise
NIU	National Implementation Unit
NSC	National Steering Committee
NTFC	National Trade Facilitation Committee
PRC	Project Review Committee
RAA	Royal Audit Authority
RMA	Royal Monetary Authority
SDG	Sustainable Development Goal
SPS	Sanitary and Phytosanitary (Measures)
TBT	Technical Barriers to Trade
TFM	Trust Fund Manager
TND	Trade Negotiations Division
TWG	Technical Working Group
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
WTO	World Trade Organization

Executive Summary

Bhutan, guided by the philosophy of Gross National Happiness (GNH) has achieved steady progress in economic, social, and environmental development through successive Five-Year Plans. Two defining milestones — Bhutan's graduation from Least Developed Country (LDC) status in 2023 and renewed momentum toward accession to the World Trade Organization (WTO) — mark a pivotal transition toward deeper integration into the global rules-based trading system. These milestones signal the beginning of a more demanding phase, requiring Bhutan to move from policy readiness to market presence by translating institutional progress into tangible economic outcomes through expanded market access, export diversification, and productive investment.

This transition is taking place in a challenging global and regional context characterised by slower growth, supply-chain realignments, geopolitical uncertainty, climate shocks, and rapid technological change. South Asia faces intensifying competition for investment and export markets, alongside a shift toward digital trade, resilient value chains, and green growth. For Bhutan, these trends compound structural constraints — including geographic isolation, a small domestic market, limited export diversification, high logistics costs, and climate vulnerability — while also presenting opportunities aligned with Bhutan's unique identity and values.

Following LDC graduation, Bhutan faces reduced access to concessional financing and preferential trade arrangements, increasing the urgency to strengthen productivity, competitiveness, and private-sector development. These priorities are reflected in the 13th Five-Year Plan (13FYP) and the 21st Century Economic Roadmap, which emphasise economic diversification, job creation, innovation, and global connectivity. They are further anchored in the Government's long-term vision of achieving a tenfold (10X) expansion of the economy by 2050 through a shift toward high-value trade, services, and globally competitive enterprises.

Within this context, the Country Programme Document (CPD) under EIF Phase III serves as a strategic and catalytic instrument to support Bhutan's transition toward a resilient, inclusive, and competitive economy. Building on EIF Phase II, the CPD aligns with the principles of national ownership, results-based management, sustainability, and effective trade mainstreaming.

The CPD prioritises market access outcomes through the resumption and implementation of WTO accession, alongside export diversification driven by Cottage Small and Medium Industry (CSMI) development and Brand Bhutan positioning, while integrating Investment readiness and mobilisation, digital trade, and e-commerce as key enablers of trade-led growth. It supports the continuation of WTO accession, strengthens institutional capacity for trade governance and compliance, and promotes investment and value chains. At the same time, it advances digital trade ecosystems and e-commerce adoption to expand market reach, enhance efficiency, and reduce trade costs — thereby improving competitiveness, scaling exports, and delivering measurable gains in global market integration.

To deliver against these priorities, the CPD is structured around four interconnected outcomes.
Outcome 1 focuses on strengthening trade governance and supporting WTO accession and implementation.
Outcome 2 enhances export diversification and competitiveness of CSMIs and Brand Bhutan through value chain upgrading, standards compliance, and digital trade integration.
Outcome 3 strengthens investment readiness and promotion systems to develop a pipeline of investment-ready projects and mobilise investment in priority sectors.

Outcome 4 promotes sustainable industrial transformation through the development of investment-ready, climate-resilient eco-industrial park (EIP) frameworks that enhance resource efficiency, circular economy practices, and integrated value chains.
Through this integrated framework, EIF resources are strategically deployed toward catalytic, high-impact interventions that aim to unlock private-sector participation, attract investment, scale CSMI enterprises, strengthen Brand Bhutan market presence, and deliver tangible market access outcomes. Through this integrated framework, the CPD aims to accelerate Bhutan's transition toward a diversified, competitive, and resilient post-LDC economy, characterised by stronger global market integration, expanded export opportunities, and sustainable private-sector-led growth.

SECTION I: Country Context and Strategic Rationale

Bhutan's development trajectory, guided by the philosophy of Gross National Happiness (GNH), has delivered substantial progress in economic development, poverty reduction, human capital formation, and environmental sustainability. However, despite these achievements, the economy continues to face structural constraints that limit the extent to which trade and private sector development can serve as drivers of sustained and inclusive economic growth. Bhutan's small domestic market, landlocked geography, mountainous terrain, high transport costs, and narrow production base continue to affect competitiveness, economic diversification, and integration into regional and global markets.

Recent trade performance reflects both progress and persistent vulnerabilities. According to the Bhutan Trade Statistics 2025, total exports reached approximately Nu. 69.73 billion, while imports exceeded Nu. 190.113 billion, resulting in a trade deficit of more than Nu. 120.38 billion. Although exports have increased in recent years, Bhutan's export basket remains highly concentrated in a small number of products, primarily electricity, ferro-alloys, minerals, and selected agricultural commodities. Export markets are similarly concentrated, with India accounting for over 80 percent of Bhutan's total trade and nearly 90 percent of exports when electricity exports are included. Such concentration increases vulnerability to external shocks, market fluctuations, and climate-related risks, underscoring the need to diversify both products and markets.

The competitiveness of Bhutanese enterprises remains constrained by structural and institutional challenges. Cottage, Small and Medium Industries (CSMIs), which account for the clear majority of business establishments (comprise about 95% of Bhutan's industrial sector) and employment opportunities (employ approximately 99,228 people) in the country, continue to face difficulties related to low productivity, limited economies of scale, technology gaps, insufficient innovation, and weak integration into value chains. Many enterprises lack the capacity to meet international quality standards, certification requirements, packaging and labelling expectations, and export market specifications. Access to finance, business development services, market intelligence, and export promotion support remains limited, particularly for women- and youth-led enterprises. These constraints inhibit the ability of domestic firms to move into higher-value products and participate effectively in regional and global markets.

As a landlocked country dependent on transit routes through neighbouring countries, Bhutan faces relatively high transportation and logistics costs. More than 80 percent of Bhutan's trade and nearly 90 percent of its exports are linked to India, making efficient transit and border procedures critical. While Bhutan's trade facilitation implementation rate improved from 19.35 percent in 2015 to 53.76 percent in 2025, cross-border paperless trade implementation remains low at 27.78 percent. Challenges related to logistics connectivity, cargo consolidation, standards compliance, testing and certification services, and border agency coordination continue to increase transaction costs, lengthen delivery times, and reduce the competitiveness of Bhutanese exports in regional and global markets.

At the same time, Bhutan's graduation from Least Developed Country (LDC) status in 2023 marks an important milestone in its development journey. While graduation reflects the country's socio-economic achievements, it also signals the gradual reduction of preferential market access and special support measures previously available to Bhutan. This transition places greater emphasis on enhancing competitiveness, strengthening productive capacities, and expanding export opportunities. In parallel, renewed momentum towards WTO accession presents a strategic opportunity to anchor Bhutan within a transparent, predictable, and rules-based global trading system. WTO accession can strengthen market access, improve transparency, enhance investor confidence, and support integration into regional and global value chains. However, realizing these benefits will require sustained efforts to align domestic legislation with WTO obligations, strengthen institutional capacities, and support private sector adaptation to a more competitive trading environment.

Investment remains a critical driver of economic transformation, employment creation, and export growth. Bhutan offers several competitive advantages, including political stability, abundant renewable energy resources, a carbon-negative economy, and a strong international reputation for environmental sustainability. Nevertheless, investment inflows remain concentrated in a limited number of sectors and projects. According to the FDI Annual Report 2025, Bhutan had approved 135 FDI projects with a cumulative investment value exceeding Nu. 280 billion. However, only 64 projects were operational, while 71 projects remained under implementation, indicating challenges in project preparation, investment readiness, and investment realization. In 2025 alone, 14 new FDI projects were approved with a total investment value of Nu. 73.76 billion, largely driven by a small number of large-scale investments. The services sector accounts for approximately 69 percent of approved FDI, with hotels and resorts representing the largest share, followed by information technology and IT-enabled services. These trends highlight the need to diversify investment into higher-value and green economy sectors.

The CPD responds to these challenges by catalysing investment through the preparation of investment-ready projects, strengthening investment promotion and facilitation systems, and leveraging public and private partnerships to diversify investment into high-value, sustainable, and export-oriented sectors.

Despite ongoing reforms to improve the investment climate, several constraints continue to affect Bhutan's ability to attract and retain quality investment. These include a limited pipeline of investment-ready and bankable projects, small market size, skills shortages, logistics costs, regulatory complexities, and limited investor awareness of opportunities in emerging sectors. The gap between approved and operational projects further indicates the need for stronger project preparation, investor facilitation, aftercare services, and public-private partnership mechanisms.

Digital transformation presents an important opportunity for overcoming Bhutan's geographic constraints and expanding market access. Bhutan has made significant progress in digital connectivity, with internet penetration exceeding 90 percent and mobile subscriptions surpassing the total population. The country has also invested in digital public infrastructure, online government services, and digital payment systems. However, e-commerce adoption among MSMEs remains relatively low, with many enterprises lacking the digital skills, online marketing capabilities, logistics support, and cross-border payment solutions needed to engage effectively in digital trade. Bhutan's cross-border paperless trade implementation score remains at only 27.78 percent, highlighting continued gaps in digital trade facilitation and interoperability. Recognising digital transformation as a key enabler of trade competitiveness, the CPD will strengthen digital trade readiness, e-commerce ecosystems, and supporting regulatory frameworks to reduce market barriers, improve enterprise productivity, expand market access, and enhance the participation of Bhutanese enterprises in regional and global value chains.

These challenges and opportunities are reflected in Bhutan's 13th Five-Year Plan, the 21st Century Economic Roadmap, and the Government's ambition of achieving a tenfold expansion of the economy by 2050. Central to this vision are economic diversification, private-sector-led growth, export competitiveness, investment promotion, digital transformation, and sustainable industrial development. The Gelephu Mindfulness City initiative further reinforces these ambitions by creating new opportunities for services trade, innovation, tourism, investment, and regional connectivity.

Against this backdrop, the CPD under EIF Phase III is designed as a catalytic platform for reform and transformation. It brings together WTO accession, export diversification, and Investment readiness and mobilisation within a single, integrated framework.

Component 1 focuses on the resumption of WTO accession, strengthening trade governance, and advancing WTO-related reforms. It aims to support Bhutan's advancement towards WTO accession and strengthen trade governance and WTO-related regulatory reforms, fostering a more transparent, predictable, and internationally aligned trading environment. By strengthening institutional capacity and coordination, the component will help facilitate market access, enhance private-sector confidence and competitiveness, and create enabling conditions for trade-driven investment and deeper global market integration.

Component 2 translates these foundations into tangible market-oriented interventions — driving export diversification and competitiveness through targeted support to CSMIs, scaling Brand Bhutan, facilitating investment, promoting digital trade and e-commerce, and strengthening end-to-end market linkages. By concentrating resources on high-impact interventions, the CPD aims to leverage government commitment, mobilise private investment, and align development partner support to deliver sustained and scalable outcomes.

SECTION II: Prioritized Action Matrix (PAM)

The Prioritized Action Matrix (PAM) serves as the core operational and implementation framework of the Country Programme Document (CPD) under EIF Phase III. It translates Bhutan's trade and development priorities into a structured, sequenced, and evidence-based reform agenda grounded in national strategies and the 13th Five-Year Plan. The PAM provides a practical mechanism to align policy actions, institutional reforms, and investment interventions within a coherent implementation framework. The PAM brings together priority interventions across interconnected reform areas to ensure that trade policy, export competitiveness, industrial development, and investment promotion are pursued in a coordinated and mutually reinforcing manner. By clearly sequencing foundational institutional and regulatory reforms alongside market-facing interventions.

To secure broad-based national ownership and ensure that the Prioritized Action Matrix (PAM) reflects on-the-ground operational realities, a comprehensive, multi-tiered consultation process was executed through consultation with relevant sectors. This process established rigorous inter-ministerial convergence by engaging key line agencies (including the Department of Trade, Department of Revenue and Customs, Department of Industry, Bhutan Chamber of Commerce, Department of Agriculture and Marketing Cooperatives and Ministry of Finance), alongside specialized regulatory authorities such as the Bhutan Food and Drug Authority (BFDA) and the Bhutan Standards Bureau (BSB). This cross-agency alignment successfully synchronized border management and quality infrastructure goals, ensuring that targeted value chain upgrades directly eliminate the specific trade bottlenecks faced by rural producers.

A critical feature of the PAM is that it was systematically co-designed alongside the market actors responsible for driving domestic economic growth. Through direct private sector consultation, the Bhutan

Chamber of Commerce & Industry (BCCI), sectoral business associations representing Cottage, Small, and Medium Industries (CSMIs), and technology startups participated in the consultation. This close collaboration ensured that core market interventions—such as the "Brand Bhutan" expansion and B2B digital platforms—directly resolved private sector pain points, specifically high quality-compliance costs, and limited international market access. Simultaneously, investment promotion agency (IPA) integration was achieved as the Department of Industry actively shaped the "Investment Readiness" track, shifting the focus from broad policy goals to practical, commercial tools, including funding pre-feasibility studies for bankable projects and establishing a modern Customer Relationship Management (CRM) system for investor aftercare and lead management.

In line with global aid effectiveness principles, the Prioritized Action Matrix (PAM) has been systematically aligned with the ongoing portfolios of key development partners to avoid duplication, strengthen coordination, and maximize the impact of development assistance. While major investments in trade, transport, energy, and physical infrastructure are being supported by partners such as the World Bank, ADB, UNDP, JICA, and the Government of India, the PAM focuses on complementary interventions that strengthen the enabling environment for trade and economic development. As a living document, the PAM will be reviewed and updated biannually through the EIF Programme Steering Committee, with quarterly assessments to monitor implementation progress, identify emerging trade and investment priorities, and address financing gaps. Maintained by the National Implementation Unit in close collaboration with relevant government agencies, the private sector, development partners, and financial institutions, the PAM will serve as a dynamic operational framework for prioritising interventions, coordinating implementation, and mobilising technical and financial support. It will facilitate the identification and development of bankable projects, strengthen alignment between national priorities and partner investments, and direct EIF Phase III seed funding towards catalytic initiatives capable of leveraging additional public and private financing. *The full PAM refer: Annex -7*

The PAM is positioned as Bhutan's broader national trade and investment priority framework, extending beyond the scope of the CPD. Rather than an EIF project document, it is the country's strategic platform for identifying and prioritising trade and investment actions across the sector, irrespective of funding source, and therefore incorporates both EIF-funded and non-EIF-funded priorities. As such, the PAM serves as the overarching mechanism for coordinating government action, development partner support, private sector engagement, and resource mobilisation. The CPD, in turn, demonstrates how EIF Phase III financing selectively supports a subset of these nationally agreed priorities where it can provide the greatest catalytic value.

WTO Accession: Priorities and Opportunities

The CPD places WTO accession at the centre of Bhutan's trade-led economic transformation, recognising it as a strategic enabler of post-LDC transition, investment attraction, export diversification, and private sector competitiveness. The programme will directly support the resumption and advancement of Bhutan's WTO accession process which began in 1999 and resumed in 2026, by facilitating participation in Working Party meetings, bilateral and multilateral negotiations, technical consultations, and sustained engagement with WTO Members.

Under Component 1 (Institutional Development Support), the CPD will strengthen the legal, regulatory, and institutional framework required for accession and the subsequent implementation of WTO commitments. Key interventions will include aligning relevant domestic legislation, regulations and policies with WTO Agreements, particularly those concerning Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT), Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Trade Facilitation; strengthening SPS and TBT enquiry and notification systems; enhancing national

coordination mechanisms, including the National Trade Facilitation Committee; and building the technical and negotiating capacities of relevant government institutions. These efforts will also support private-sector preparedness, particularly in relation to standards compliance, export readiness and market access.

These interventions are expected to advance Bhutan's WTO accession process, strengthen institutional and regulatory preparedness, and improve the transparency, predictability and efficiency of the trading environment. By strengthening the investment climate, facilitating digital trade and e-commerce, enhancing market access and increasing the competitiveness of Bhutanese enterprises, WTO-related reforms will also establish an enabling environment for the catalytic investments envisaged under Component 2, contributing to export diversification, private-sector growth and trade-driven investment

Recognizing that certain activities related to Bhutan's WTO accession process- may require resources beyond EIF financing, the NIU will, where appropriate, engage the EIF Funding Partner Facilitator and interested development partners to mobilize complementary co-financing and leverage EIF support for sustained technical assistance, institutional capacity-building and implementation of WTO-related reforms.

Purpose and Duration

The CPD aims to strengthen Bhutan's capacity to harness trade for economic transformation, export diversification, and inclusive growth in the post-LDC context. It positions WTO accession and implementation, export competitiveness and diversification as linking trade governance, market access, Investment readiness and mobilisation, and sustainable industrial development through eco-industrial park frameworks, and enterprise competitiveness, including CSMI development and Brand Bhutan. The programme will be implemented over a three-year period (2026–2028), aligned with the 13th Five-Year Plan and within the EIF's eligibility framework, which enables the EIF to continue its partnership with graduated LDCs for up to five years following graduation.

OUTCOME 1: Resumed WTO accession supported by strengthened institutional capacity and trade governance, ensuring alignment with a transparent, rules-based trade environment.

OUTCOME 2: Increased competitiveness of CSMIs (including Brand Bhutan products) through technology upgrades, value chain upgrading, capacity building and market expansion.

OUTCOME 3: Strengthened investment readiness and promotion systems, leading to a pipeline of investment-ready projects, increased investor engagement, and mobilised investment in priority sectors.

OUTCOME 4: Enhanced export competitiveness and sustainable industrial transformation through investment-ready, climate-resilient eco-industrial park (EIP) frameworks that promote resource efficiency, circular economy practices, and integrated value chains.

SECTION III: Theory of Change and Results Framework

3.1 Theory of Change

The Country Programme Document (CPD) for Bhutan under EIF Phase III is grounded in a results-based Theory of Change that reflects the EIF vision of inclusive trade and investment as drivers of resilient, sustainable, and transformative development. The CPD is premised on the assumption that strategic and catalytic investments in trade governance, WTO accession and related policy reforms, institutional strengthening, private sector development, and sustainable industrial transformation will enhance

Bhutan's export competitiveness and investment attractiveness, leading to economic diversification, inclusive growth, and increased resilience in the post-LDC context.

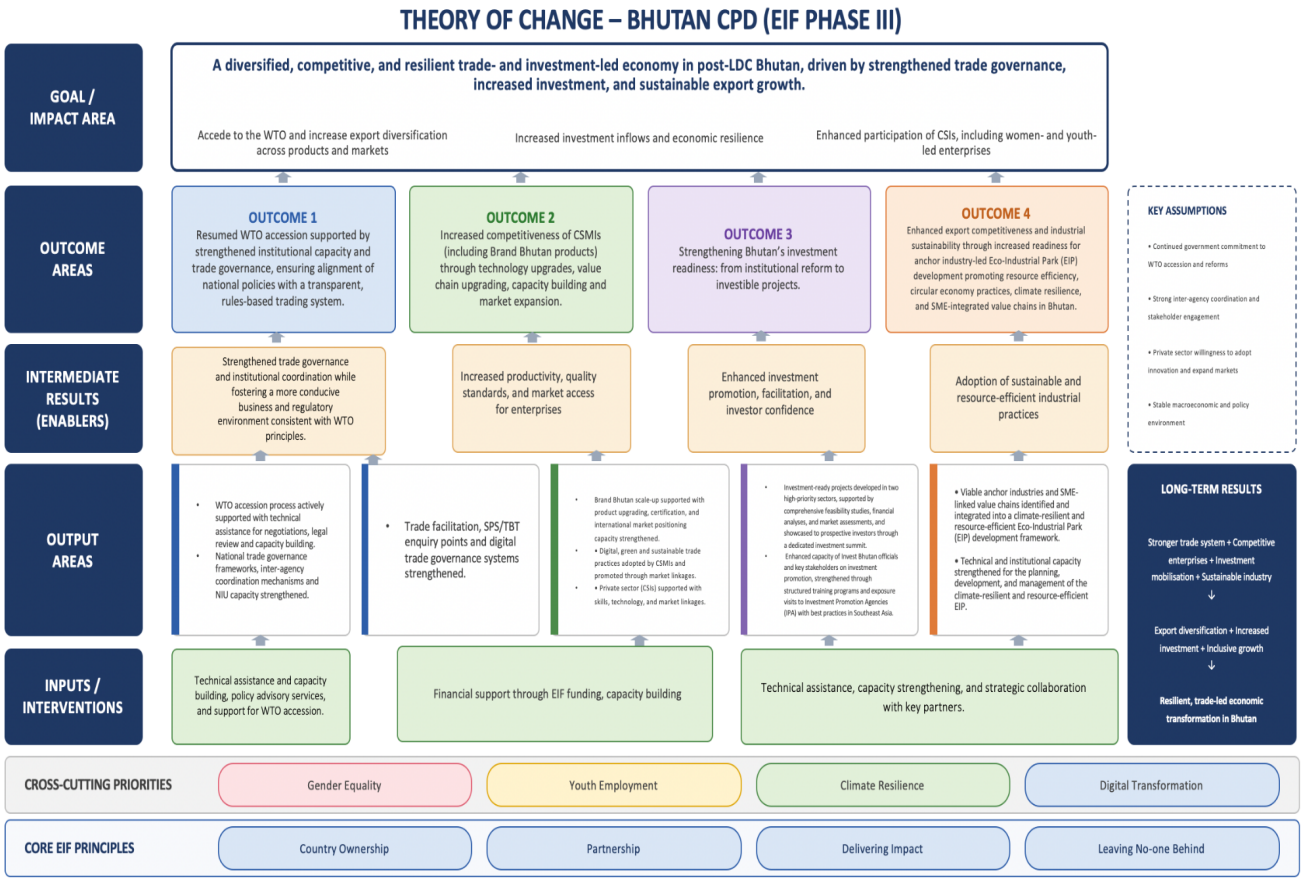
The Theory of Change follows a coherent results chain. At the input and activity level, the programme will provide technical assistance, capacity building, policy support, institutional strengthening, stakeholder coordination mechanisms, and targeted support to enterprises. The underlying assumption at this level is that government agencies, the private sector, development partners, and other stakeholders remain committed to implementation, coordination mechanisms function effectively, and adequate financial and human resources are available throughout the programme period.

At the output level, interventions are expected to strengthen trade governance and WTO-aligned systems, improve institutional and enterprise capacities, enhance export readiness, develop investment promotion mechanisms, and establish the foundations for eco-industrial park initiatives. This assumes that policy recommendations are adopted, institutional capacities are retained, enterprises are willing and able to participate in programme activities, and supporting infrastructure and services continue to improve.

At the outcome level, progress in Bhutan's WTO accession process through strengthened trade governance and institutional capacity (Outcome 1), combined with enhanced competitiveness of CSMIs, including Brand Bhutan products, through technology upgrading, value chain development, capacity building, and market expansion (Outcome 2), is expected to improve Bhutan's investment readiness and pipeline of investible projects (Outcome 3). These outcomes will further support export competitiveness and industrial sustainability through the development of anchor industry-led Eco-Industrial Parks that promote resource efficiency, circular economy practices, climate resilience, and SME-integrated value chains (Outcome 4). The key assumptions at this level are the timely advancement of Bhutan's WTO accession process, continued expansion of market opportunities for Bhutanese products, favourable regional and global trade conditions, investment policies and regulations that support private sector participation, sustained investor interest in opportunities in Bhutan, and enterprises' willingness to adopt new technologies, standards, and sustainable business practices.

At the impact level, the combined and mutually reinforcing effects of these outcomes are expected to contribute to increased export and export diversification across products and markets, higher investment inflows, greater participation of CSMIs, including women- and youth-led enterprises, in international trade, and strengthened economic resilience in Bhutan's post-LDC transition. The achievement of these long-term impacts assumes continued political commitment to trade-led development, macroeconomic stability, sustained market access, climate and environmental risks remaining manageable, and the absence of major external shocks that could significantly disrupt trade and investment flows.

Consistent with the EIF Phase III framework, the CPD recognises that addressing binding constraints within the trade and investment ecosystem, strengthening institutional coordination, and promoting productive and value-added interventions are essential for ensuring that trade and investment function as key drivers of export diversification, competitiveness, resilience, and shared prosperity in Bhutan. The programme also acknowledges that progress towards the envisaged impacts will depend on both programme-supported interventions and external factors beyond direct programme control, which will be regularly monitored and managed through adaptive implementation and stakeholder engagement.



3.2 Inputs and Resources

In line with EIF Phase III, the CPD strategically deploys catalytic EIF financing through complementary funding windows to crowd in additional resources from government, development partners, and private sector co-financing. Investments focus on high-impact areas, including targeted technical assistance, institutional and regulatory capacity development, and trade facilitation reforms to reduce trade costs and improve efficiency. Complementary interventions support digital trade and e-commerce readiness, enhance CSMI competitiveness, and strengthen quality infrastructure, including standards and certification systems. The programme also promotes export diversification and market positioning under Brand Bhutan.

These inputs are designed to maximise value for money, leverage partnerships, and deliver scalable, sustainable outcomes - particularly in enhancing export performance, improving market access, and generating inclusive economic opportunities, including for women and youth.

3.3 Alignment with National Strategies, EIF Phase III, and the SDGs

The CPD is fully aligned with Bhutan's national development priorities, EIF Phase III strategic framework, and the Sustainable Development Goals (SDGs). It supports Bhutan's transition from LDC status by strengthening trade competitiveness, enhancing investment readiness, and promoting inclusive and sustainable economic growth.

13th Five-Year Plan	21st Century Roadmap	EIF Phase III	SDGs

Economic diversification Private-sector-led growth Digital transformation CSMI development Green economy Job creation	10X economy by 2050 High-value trade & services Global connectivity Investment-led growth Innovation ecosystems Gelephu Mindfulness City	Trade governance & institutional capacity Export competitiveness & value addition Digital trade & technology adoption Investment mobilisation LDC graduation resilience Gender & climate integration	SDG 5: Gender Equality SDG 8: Decent Work & Growth SDG 9: Industry & Innovation SDG 12 & 13: Sustainable Production & Climate SDG 17: Partnerships

SECTION IV: Programme Components and Output-Level Activities

The CPD is structured around two mutually reinforcing programme components aligned with EIF Funding Facilities, operationalised through outputs and detailed activities. The components are sequenced - Component 1 establishes the institutional and governance foundation; Component 2 delivers catalytic market-facing and enterprise competitiveness interventions that build on that foundation.

Component 1 – Institutional Development Support (EIF Funding Facility 1 — USD 853,600)

Component 1 will establish the institutional, regulatory and technical foundations required to advance Bhutan's WTO accession and strengthen trade- and investment-related governance. Aligned with Outcomes 1 and 2, it will provide targeted support to the WTO accession process, including participation in Working Party meetings, bilateral and multilateral negotiations, and other engagements necessary for accession and subsequent implementation.

At the domestic level, the component will support the alignment of relevant laws, regulations and policy frameworks with WTO Agreements, while strengthening institutional mechanisms for implementation. This will include strengthening WTO coordination arrangements, the National Trade Facilitation Committee, and SPS and TBT systems and enquiry points. It will also build institutional and human capacities across government, trade, investment and export promotion institutions, and the private sector through targeted training and peer learning on trade negotiations and policy, investment facilitation, standards, e-commerce and digital trade.

Component 1 will also provide targeted preparatory support for export readiness, particularly for CSMIs and Brand Bhutan stakeholders, through capacity-building on standards compliance, market readiness and branding, complemented by selected market exposure and linkage activities. These interventions will prepare enterprises and institutions for the larger-scale competitiveness, market access, investment promotion, digital trade and value-chain interventions envisaged under Component 2.

In addition, the component will support the development and periodic updating of Priority Action Matrices (PAMs), informed by DTISU and other relevant analytical work, and contribute to LDC graduation and post-graduation priorities. The EIF National Implementation Unit will be strengthened in analytical, coordination and results-based management capacities to support effective programme implementation and resource mobilisation.

Accounting for approximately 25% of total programme resources, Component 1 will provide the enabling policy, institutional and capacity framework for Component 2. Activities will therefore be sequenced, where appropriate, so that improvements in trade governance, standards systems, institutional capacity

and enterprise readiness directly enable the CPD's catalytic interventions in export competitiveness, investment mobilisation, Brand Bhutan, digital trade, value-chain development and CSMI growth, with these linkages captured in the Results Framework.

Key Interventions	Expected Results
WTO accession support (negotiations, Working Party participation, legal reviews)	Bhutan's WTO accession process advances through sustained engagement with WTO Members, strengthened negotiation capacity, and timely completion of key accession milestones.
Alignment of laws and policies with WTO Agreements	National legal and regulatory frameworks are progressively aligned with WTO Agreements, strengthening regulatory transparency, predictability, and compliance with international trade rules.
Strengthening institutional coordination mechanisms (NTFC, TWGs, SPS/TBT systems)	National trade governance and inter-agency coordination are strengthened, resulting in more effective implementation of trade reforms, improved trade facilitation, and enhanced SPS and TBT compliance.
Capacity development on trade policy, investment facilitation, standards, and digital trade	Government institutions and key stakeholders strengthen their technical capacity to formulate and implement trade and investment policies, facilitate investment, comply with international standards, and leverage digital trade opportunities.
Development of PAMs, diagnostics, and post-LDC transition strategies	Evidence-based trade and investment priorities are identified and translated into coordinated, investment-ready interventions through updated PAMs, strategic diagnostics, and post-LDC transition planning, strengthening resource mobilisation and implementation readiness.
Initial export readiness support for CSMIs and Brand Bhutan (training, early market exposure)	Export-oriented CSMIs improve their readiness to access regional and international markets through strengthened business capabilities, enhanced product positioning under Brand Bhutan, and increased engagement with potential buyers and commercial partners.

Component 2 – Trade Competitiveness Support (EIF Funding Facility 2 — USD 2,646,400)

Component 2 builds on the institutional and policy foundations established under Component 1 to translate reforms into tangible trade and investment competitiveness outcomes. It will support targeted, catalytic interventions to enhance productivity, expand market opportunities, and drive export diversification.

Key interventions include value chain development and export diversification pilots in priority sectors and emerging services. These will identify scalable opportunities and support product upgrading, value chain development, market expansion, and the use of digital platforms to position Bhutanese goods and services as premium, sustainable, and globally competitive.

The component will promote productivity and resilience across agriculture, manufacturing, and services through technology adoption, improved production practices, and business development support. CSMIs

and Brand Bhutan beneficiaries will be supported in formalisation, productivity enhancement, and export readiness to enable their integration into domestic and international markets. Targeted support will also strengthen trade logistics, quality infrastructure, standards, and certification systems to reduce market entry barriers and improve compliance with international requirements.

To unlock investment, the component will support project preparation, including for public-private partnerships, and the development of bankable, investment-ready projects. It will also promote innovative financing approaches — such as blended and green finance — to leverage public and private capital for sustainable investments. Investment readiness and mobilisation and facilitation will be strengthened through enhanced investor outreach and capacity building of relevant institutions to attract and retain quality investment aligned with trade opportunities.

In parallel, the component will support the adoption of innovative technologies, digital solutions, and e-commerce platforms, while promoting digital and green trade practices to enhance competitiveness and enable participation in digital trade. Through these catalytic interventions, Component 2 will deliver measurable improvements in export diversification, private sector competitiveness, investment mobilisation, and market access, contributing to inclusive economic growth, including opportunities for women and youth.

In addition, the component will support the development of eco-industrial park (EIP) frameworks, including master planning, climate-resilient infrastructure concepts, and pilot interventions on resource efficiency and circular systems. These catalytic interventions will demonstrate scalable models for sustainable industrial development, strengthen value chain integration, and enhance export competitiveness.

Key Interventions	**Expected Results**
Brand Bhutan and Export Market Positioning: Scale up the Brand Bhutan initiative to strengthen Bhutan's positioning as a producer of sustainable, ethical, and high-quality goods and services; support product upgrading, packaging, certification readiness, and compliance with international standards; promote intellectual property protection and branding for priority export sectors; and support targeted marketing, buyer–seller linkages, and participation in regional and niche international markets.	Enhance competitiveness of CSMIs and Brand Bhutan products, supported by stronger branding, certification readiness, and market positioning in regional and niche international markets.
MSME Competitiveness and Entrepreneurship Development: Strengthen MSME competitiveness through enterprise upgrading, technology adoption, and quality improvement; support entrepreneurship development, with emphasis on women- and youth-led enterprises; facilitate access to trade-related finance, financial literacy, and business development services; and strengthen public–private dialogue mechanisms to address operational constraints affecting MSMEs.	Inclusive economic growth, including for women and youth, driven by strengthened MSME competitiveness, entrepreneurship, and access to trade-related finance.

Export Diversification and Green Trade: Promote diversification into high-value and green value chains, including organic agriculture, herbal products, handicrafts, eco-tourism, and creative industries; support value-chain development, aggregation, and market linkages for niche and sustainable products; and conduct market research and matchmaking to identify new export opportunities and destinations.	Increase export diversification and market access through diversification into high-value and green value chains and new market linkages.
Pilot Trade Facilitation and Logistics Solutions (Enterprise-Focused): Pilot practical, export-oriented logistics and supply chain solutions that directly benefit MSMEs and exporters; and support aggregation centres and last-mile logistics solutions to reduce costs and improve reliability for exporters.	Strengthen investment pipeline and mobilisation supported by improved logistics solutions and reduced trade costs for MSMEs and exporters.
Digital Trade and E-Commerce Adoption: Strengthen digital trade infrastructure and e-commerce platform integration to expand CSMI market reach beyond the current registered sellers; support cross-border digital payment solutions and logistics-digital integration for e-commerce fulfilment; and strengthen the regulatory and standards framework for digital trade, addressing identified gaps in electronic payments and cross-border digital services.	Expand participation in digital and green trade through strengthened digital trade infrastructure, e-commerce integration, and cross-border digital payment solutions.
Eco-Industrial Parks: Development of eco-industrial park (EIP) frameworks, including master planning, climate-resilient infrastructure concepts, and pilot interventions on resource efficiency and circular systems.	Strengthen eco-industrial park frameworks and sustainable industrial practices.

Overall Programme Logic

By linking upstream institutional reforms (Component 1) with downstream competitiveness and market interventions (Component 2), the programme delivers a coherent pathway toward:

- A strengthened trade and investment environment
- Reduced trade costs and improved trade facilitation
- Increased export competitiveness and diversification
- Enhanced investment, market access, and sustainable industrial transformation through eco-industrial park development.

This integrated approach supports Bhutan's WTO accession, post-LDC transition, and long-term economic resilience.

SECTION V: Cross-Cutting Priorities

The CPD systematically integrates four cross-cutting priorities across all components, outputs, and activities in line with EIF Phase III guidance — recognising that inclusive, resilient, and sustainable trade

development requires deliberate attention to gender, youth, climate, and digital transformation throughout programme design, implementation, and monitoring.

5.1 Gender Equality and Women's Economic Empowerment

Women entrepreneurs in Bhutan face persistent barriers in accessing finance, technology, market information, and networks. The CPD addresses these constraints through gender-responsive trade interventions across value chains, e-commerce platforms, capacity-building, and business networks. A minimum of 30% of supported CSMIs will be women-led. All training cohorts will maintain gender-disaggregated attendance records. Brand Bhutan advertising campaigns will feature women producers as primary brand ambassadors. Progress is monitored through sex-disaggregated indicators at output and outcome levels, and through qualitative assessments of gender responsiveness in supported policies, platforms, and interventions.

5.2 Youth Empowerment and Employment Creation

Youth unemployment, skills mismatches, and limited private sector pathways are key challenges driving outward migration. The CPD targets a minimum of 20% youth-led CSMIs among supported enterprises, promotes youth entrepreneurship in e-commerce and digital trade, supports youth access to incubation and mentorship programmes, and facilitates youth participation in innovation ecosystems linked to trade. Quantitative indicators track youth-led CSMI support, employment creation, and digital skills uptake; qualitative assessments evaluate the effectiveness of targeted mechanisms in enabling sustainable youth engagement in trade.

5.3 Climate Resilience and Green Trade

Bhutan holds a unique global position as one of the world's few carbon-negative countries, and is committed to maintaining carbon neutrality while progressing toward net-zero by 2050. The CPD integrates climate resilience and green trade principles across productive and export-oriented interventions supporting eco-friendly value chains, organic agriculture, sustainable handicrafts, and green enterprise certification. A dedicated stream of activities supporting green practice adoption, climate-smart production, and sustainable packaging. Climate considerations are integrated into trade and investment policy dialogue throughout. Climate resilience is further operationalised through eco-industrial park development, promoting resource efficiency, circular production systems, and climate-smart industrial infrastructure.

5.4 Digital Transformation and Innovation

Digital transformation is a key cross-cutting enabler of trade competitiveness, particularly for a landlocked and mountainous country like Bhutan. Building on the foundations established under EIF Phases I and II, the CPD promotes digital trade and innovation to reduce geographic constraints, lower transaction costs, and expand market access for CSMIs. The programme is aligned with Bhutan's Digital Drukyul initiative under the 12th and 13th Five-Year Plans, which emphasise digital public services, digital economy development, and enhanced connectivity as drivers of economic transformation. In coordination with Gov.Tech and relevant agencies, the CPD will support the integration of trade-related systems into national e-government and digital infrastructure platforms.

Targeted interventions will enhance inclusive participation in digital trade, e-commerce through improved digital literacy, adoption of online marketplaces, digital systems, and electronic certification. Institutional capacity for paperless trade, data exchange, and digital trade facilitation—aligned with WTO Trade Facilitation Agreement provisions—will also be strengthened in collaboration with Gov.Tech and customs authorities.

5.5 Integrating Artificial Intelligence (AI)

The CPD will integrate artificial intelligence (AI) as a cross-cutting enabler across all components to improve institutional efficiency, trade competitiveness, and evidence-based decision-making. AI applications will be incorporated, where relevant to support WTO accession, trade and market intelligence, investment promotion, market access, trade facilitation, enterprise competitiveness, and programme monitoring and evaluation. The NIU in collaboration with Gov.Tech/relevant stakeholder, will promote practical, and cost-effective AI solutions suited to Bhutan's context, and incorporate basic AI literacy into capacity-building activities under Components 1 and 2.

5.6 Integrated Impact and Sustainability

The systematic integration of these cross-cutting priorities ensures that EIF Phase III interventions deliver holistic and sustainable development outcomes. Gender equality and youth empowerment strengthen inclusion and human capital; climate resilience and green trade safeguard Bhutan's natural assets while expanding sustainable market opportunities; and digital transformation enhances innovation, efficiency, and connectivity.

Together, these priorities reinforce the CPD's contribution to inclusive, green, and digitally enabled trade-led growth, fully aligned with Bhutan's 13th Five-Year Plan, the Sustainable Development Goals, and the EIF Phase III global objectives. Through this integrated approach, the CPD positions trade as a transformative force supporting equality, sustainability, and resilience in Bhutan's post-LDC development pathway.

SECTION VI: Implementation Arrangements

The CPD will be implemented through a National Implementation Unit (NIU) established within the Department of Trade under the Ministry of Industry, Commerce and Employment (MoICE). The NIU will be led by the Government-designated EIF Focal Point (Director, Department of Trade) with programme-funded support from a Project Manager and Project Officer. The fiduciary management function is supported by the relevant finance, procurement divisions under the MOICE and Ministry of Finance.

6.1. Implementation Responsibilities and Oversight

MOICE, as Executing Entity, will have overall responsibility for CPD delivery, fiduciary management, and reporting to the EIF Board. MOICE will delegate implementation of specific outputs to sub-entities through formal Memoranda of Understanding (MOUs). Each MOU will define scope of work, deliverables, timelines, budget ceilings, reporting requirements, and KPIs aligned to the logframe. MOICE will exercise oversight through:

- Technical Working Group (TWG)/ Project Review Committee (PRC) meetings, chaired by the NIU, will be convened quarterly or where necessary (a more frequent basis) to review implementation progress, address operational and coordination challenges, and provide practical guidance for effective project delivery. Strategic issues or matters that cannot be resolved at this level will be escalated to the National Steering Committee (NSC) for decision and guidance.
- Approval of all disbursements to sub-entities based on verified progress reports,
- Annual performance reviews with authority to reallocate funds if targets are off-track by >20%.

The National Steering Committee (NSC), to be constituted at the commencement of CPD implementation, will provide strategic oversight, review and approve annual workplans and budgets, facilitate inter-agency coordination, and resolve implementation-related issues requiring high-level guidance. Its proposed composition will include representatives of the Ministry of Industry, Commerce and Employment

(MoICE), Ministry of Finance (MoF), Ministry of Foreign Affairs and External Trade (MoFAET), relevant sectoral ministries and government agencies, and private-sector representatives, as appropriate. The NSC is expected to meet at least twice annually, with additional meetings convened as necessary. Its final composition, terms of reference, meeting frequency and decision-making arrangements will be formally established and communicated to the EIF Executive Secretariat and Trust Fund Manager.

6.2. Private-Sector Engagement and Coordination

The approach to private-sector engagement is based on meaningful and systematic participation throughout the programme cycle, from design and validation to implementation, monitoring, evaluation and sustainability planning. This participatory approach ensures that interventions are informed by enterprise needs, market opportunities and national trade and investment priorities, while strengthening private-sector ownership and the relevance of programme results:

- **During programme design and validation**, engagement with relevant business associations, including the Bhutan Chamber of Commerce and Industry (BCCI), CSMI representatives, women- and youth-led enterprises, and relevant investment promotion institutions provides opportunities to identify priority constraints, validate proposed interventions, assess market demand and investment opportunities, and inform the definition of activities, beneficiary selection criteria and expected results.

- **During implementation**, private-sector participation is facilitated through representation in relevant programme coordination and oversight mechanisms, including the National Steering Committee (NSC), as appropriate, as well as regular sector-specific consultations, stakeholder meetings and public–private dialogues. Coordination with relevant investment promotion institutions helps ensure that investment-oriented interventions and the development of investment-ready projects respond to national investment priorities, private-sector demand and investor requirements.

- **The selection of private-sector beneficiaries follows a transparent and competitive approach**, including public calls for applications, where applicable, based on clearly defined and publicly communicated eligibility and selection criteria. These criteria are tailored to the objectives of each intervention and may include sectoral relevance, export and investment potential, commercial viability, enterprise readiness, job creation, sustainability and opportunities for scale-up. Particular consideration is given to women- and youth-led enterprises, regional inclusion and environmentally sustainable business practices. Documented application, evaluation and selection procedures, established by the NIU in collaboration with relevant implementing institutions, ensure fairness, transparency, accountability and value for money, in accordance with applicable EIF requirements.

- **Throughout implementation and results monitoring**, structured feedback mechanisms, including beneficiary surveys, consultations, public–private dialogues and periodic programme reviews, enable private-sector stakeholders to assess progress, identify emerging constraints and contribute to improvements in programme delivery. Feedback is documented and informs adjustments to activities, annual workplans and implementation arrangements.

- **For sustainability and scale-up**, continued private-sector engagement focuses on strengthening commercial partnerships, identifying opportunities for complementary financing and private investment, and supporting the replication or expansion of successful interventions beyond EIF financing.

Overall, this approach positions the private sector not only as a beneficiary of CPD support but also as an active partner in shaping priorities, informing implementation, monitoring results, mobilising investment and sustaining trade- and investment-related outcomes.

6.3. Agency-level responsibilities.

This section outlines the roles and responsibilities of the agencies and committees involved in Phase III implementation,

Entity	Role	Key Responsibilities	Sign-off Authority
National Steering Committee (NSC)	Strategic oversight	Approve Annual Work Plans and Budgets (AWPBs), provide policy guidance, resolve inter-agency disputes, and endorse the Country Programme Document (CPD) completion report.	Chair: Secretary, MoICE. Final approval of budgets and major workplan amendments.
Ministry of Industry, Commerce and Employment (MoICE) / National Implementation Unit (NIU)	Executing Entity + Coordination	Oversee overall project delivery, manage finances via the e-GP system, lead M&E, manage donor reporting, convene Technical Working Groups (TWGs)/Project Review Committee (PRC) , administer grants, and ensure Value for Money (VFM) via "national first" procurement policies.	NIU Coordinator: Approve sub-entity disbursements.
Department of Trade (DoTr), MoICE	Technical lead for trade policy	Lead WTO accession and Brand Bhutan and SEAL alignment initiatives, drive export promotion strategies, facilitate international buyer linkages, and oversee trade facilitation activities,digital and ecommerce	Director, DoTr: Approve technical specifications for international branding campaigns and export marketing events.
Bhutan Food and Drug Authority (BFDA) & Bhutan Standard Bureau	Sub-entity for standard,certification	Support CSMIs on SPS, organic certification and standards	Director, BFDA/BSB, Verify compliance upgrades for agro CSMIs

Department of Industry, MoICE	Sub-entity for investment and CSMIs	Support CSMIs on design, quality control, production tech,Lead handicraft, value chains. Review private investment proposals from CPD fund.	Director: Verify enterprise support+ value chain outputs
Ministry of Finance (MoF), finance, procurement divisions under the MOICE	Fiduciary oversight	Budget release, audit coordination, ensure e-GP compliance, HR requirement	Director/Chief: Verify and Approve the related documents.

Technical coordination mechanisms

Technical coordination will be facilitated through the Technical Working Group (TWG/Project Review Committee (PRC), which will meet at least quarterly under approved Terms of Reference (ToRs). Each TWG/PRC will comprise representatives from the relevant implementing agencies, designated Sub-Implementing Partners (Sub-IPs), technical institutions, private sector organisations, and other stakeholders, as appropriate to the thematic area. The TWG/PRC will provide technical guidance, coordinate implementation, review progress against agreed outputs, identify implementation bottlenecks, and recommend corrective actions.

The National Implementation Unit (NIU) will serve as the secretariat to both the TWG/PRC and will be responsible for preparing meeting agendas, maintaining minutes, action logs, and decision records, and monitoring the implementation of agreed actions. Technical recommendations and operational matters arising from the TWGs and the PRC will be consolidated by the NIU and submitted to the National Steering Committee (NSC) for review and decision. Matters involving significant policy issues, strategic direction, inter-agency coordination, major budget reallocations, or programme amendments beyond the delegated authority of the TWGs and the PRC will likewise be referred to the NSC for guidance, endorsement, or decision, as appropriate.

The TWG/PRC, chaired by the Department of Trade and comprising representatives of key implementing agencies and principal Sub-IPs, will provide operational oversight, review programme performance, approve Annual Work Plans and Budgets (AWPBs), monitor implementation progress, and ensure effective coordination across implementing entities. The NSC, chaired by the Ministry of Industry, Commerce and Employment (MoICE) and comprising senior representatives of relevant ministries, agencies, development partners (as observers where appropriate), and private sector representatives, will provide overall strategic guidance, endorse major programme decisions, ensure alignment with national priorities, and address high-level policy or implementation issues requiring inter-ministerial coordination.

An annual stakeholder forum will be convened by the NIU to present programme progress, share lessons learned, validate key findings, and obtain feedback from government agencies, development partners, the private sector, academia, and civil society to inform adaptive programme management and future planning.

Monitoring and adaptive management

The NIU will maintain a Monitoring and Evaluation (M&E) dashboard to track programme performance against agreed indicators and targets. Quarterly results review meetings will assess implementation progress, identify bottlenecks, and recommend corrective actions. Where output achievements are lagging below during the TWG meeting, the NIU will initiate an Adaptive Management Review with the concerned implementing sub-entity to identify underlying causes and recommend adjustments to activities, timelines, implementation approaches, budgets, or resource allocations. Annual reflection and learning workshops will be conducted to incorporate lessons learned into subsequent Annual Work Plans and Budgets (AWPBs).

Capacity building under the programme will be delivered through a combination of technical assistance, targeted training, workshops, study visits, and knowledge-sharing activities. Government agencies will receive support to strengthen capacities in trade policy, trade facilitation, digital trade, and export development, while MSMEs, producer groups, and business associations will be trained in quality standards, export readiness, e-commerce, and market access requirements. A training-of-trainers approach will also be adopted where feasible to promote sustainability and wider knowledge dissemination.

Escalation and accountability procedures

Implementation issues identified through monitoring, audits, or stakeholder feedback will be formally communicated by the NIU to the responsible implementing sub-entity, which will be required to implement corrective actions within the next TWG/PRC meeting. If the issue remains unresolved, it will be escalated to the TWG/Project Review Committee (PRC) for technical-level review and, if still unresolved, the EIF Focal Point and subsequently to the National Steering Committee (NSC) for strategic guidance and decision-making. The EIF Focal point/ NSC may approve corrective measures, including resource reallocation, revision of implementation arrangements, or withholding of disbursements. Annual performance assessments of implementing sub-entities will be conducted and reflected in programme reports and the AWPB.

NIU sustainability pathways

The sustainability of the NIU will be achieved through the progressive institutionalization of its core functions within the Department of Trade, ensuring that trade coordination, project management, monitoring and evaluation (M&E), donor coordination, and knowledge management become part of the Department's regular mandate. From project inception, the NIU will work alongside designated DoT counterparts through joint implementation, mentoring, on-the-job training, and continuous knowledge transfer to strengthen institutional ownership and operational capacity. M&E systems developed under the programme will be embedded within the DoT. The NIU will also strengthen inter-agency coordination mechanisms and try to mobilize complementary financing from the Government and development partners to sustain key trade, WTO accession, and Aid for Trade initiatives beyond EIF support. By the end of 2028, the NIU's core functions, particularly trade coordination, M&E, and reporting, will be fully integrated into the DoT structure, ensuring continuity beyond the programme period.

6.4. IP/Sub-IP list with outputs Assigned

The National Implementation Unit (NIU) within the Department of Trade (DoTr), Ministry of Industry, Commerce and Employment (MoICE), will serve as the Implementing Partner (IP) for the EIF Phase III Country Programme and will be responsible for overall programme management, coordination, fiduciary oversight, procurement, financial management, monitoring, evaluation, and reporting.

Given the multi-sectoral nature of the programme, selected government agencies and technical institutions will be designated as Sub-Implementing Partners (Sub-IPs) where they are responsible for delivering specific EIF-funded outputs and activities. Sub-IPs will receive EIF resources only through formal implementation arrangements with the Implementing Partner. These arrangements will define the scope of work, expected outputs and deliverables, implementation schedule, reporting requirements, fiduciary responsibilities, performance indicators, and the approved budget allocation. Entities participating solely in policy coordination, technical advisory functions, stakeholder consultation, or programme oversight will not receive direct EIF financial allocations unless formally designated as Sub-IPs.

The proposed principal Sub-Implementing Partners include the Trade Negotiation Division, Export Promotion Division, and Internal Trade Promotion and Facilitation Division under the Department of Trade, which will lead implementation of WTO accession-related activities, export promotion initiatives, and the E-Commerce Policy. The Department of Industry will support interventions related to cottage and small manufacturing industries (CSMIs), investment promotion, industrial development, and Eco-Industrial Park (EIP) development. The Bhutan Standards Bureau will implement activities relating to quality infrastructure, standards, conformity assessment, testing, certification, and accreditation. The GovTech Agency will support digital trade governance, the development and integration of digital trade platforms, trade data systems, and interoperability with national digital infrastructure. The Department of Media, Creative Industry and Intellectual Property will implement activities supporting the development of the creative economy and strengthening the intellectual property ecosystem. Additional Sub-IPs may be designated during implementation where required, subject to approval through the programme governance arrangements.

Sub-IPs	**Key Deliverables**	**Legal Mechanism / Type of Agreement**
Department of Industry (DoI)	Support CSMI development, investment promotion, industrial development, and EIP development by developing investment-ready project packages (business cases and investor briefs) aligned with investor requirements, designing and launching a certification scheme targeting youth- and women-led CSMIs, and facilitating exposure visits to leading Southeast Asian Investment Promotion Agencies (IPAs) to adopt best practices in investment promotion, investor facilitation, and EIP management.	MoU
Bhutan Standard Bureau (BSB)	The Bhutan Standards Bureau (BSB) will implement activities relating to quality infrastructure, standards, conformity assessment, testing, certification, and accreditation — supporting compliance with international standards and SPS/TBT requirements, and issuing conformity certificates to certify export readiness.	MoU
Department of Media, Creative Industry, and Intellectual Property (DoMCIIP)	Supporting the development of the creative economy and strengthening the intellectual property ecosystem — supporting export readiness for creative industries (textiles) and providing product design and innovation support.	MoU

World Wildlife Fund (WWF)	Strengthen green and sustainable export value chains in priority sectors, including agro-products and handicrafts-based products.	MoU
MoICE implementing through other Divisions within the Ministry		
Unit/Division within MoICE	**Key Deliverables**	**Legal Mechanism / Type of Agreement**
Trade Negotiation Division (TND)	The TND will lead Component 1 activities related to WTO Accession roadmap, updated national strategy document and regulatory gap analysis for WTO compliance and finalized technical briefs and schedules of commitments for trade negotiations.	No formal agreement MoU required; governed by internal work plan
Export Promotion Division (EPD)	Under Component 2, the Export Promotion Division (EPD) will lead activities on export diversification, targeting new products and priority destination markets, and will provide market readiness support to domestic exporters to enhance international competitiveness and strengthen Brand Bhutan products.	No formal agreement MoU required; governed by internal work plan
Internal Trade Promotion and Facilitation Division (ITPFD)/GovTech Agency	Will lead activities on digital trade and e-commerce — digital trade governance, and the development and integration of digital trade platforms, trade data systems, and interoperability with national digital infrastructure.	No formal agreement MoU required; governed by internal work plan

Indicative budget allocations to each Sub-IP will be reflected in the approved Annual Work Plans and Budgets (AWPBs) and corresponding implementation agreements and will be subject to annual review based on implementation progress, programme priorities, and available EIF resources.

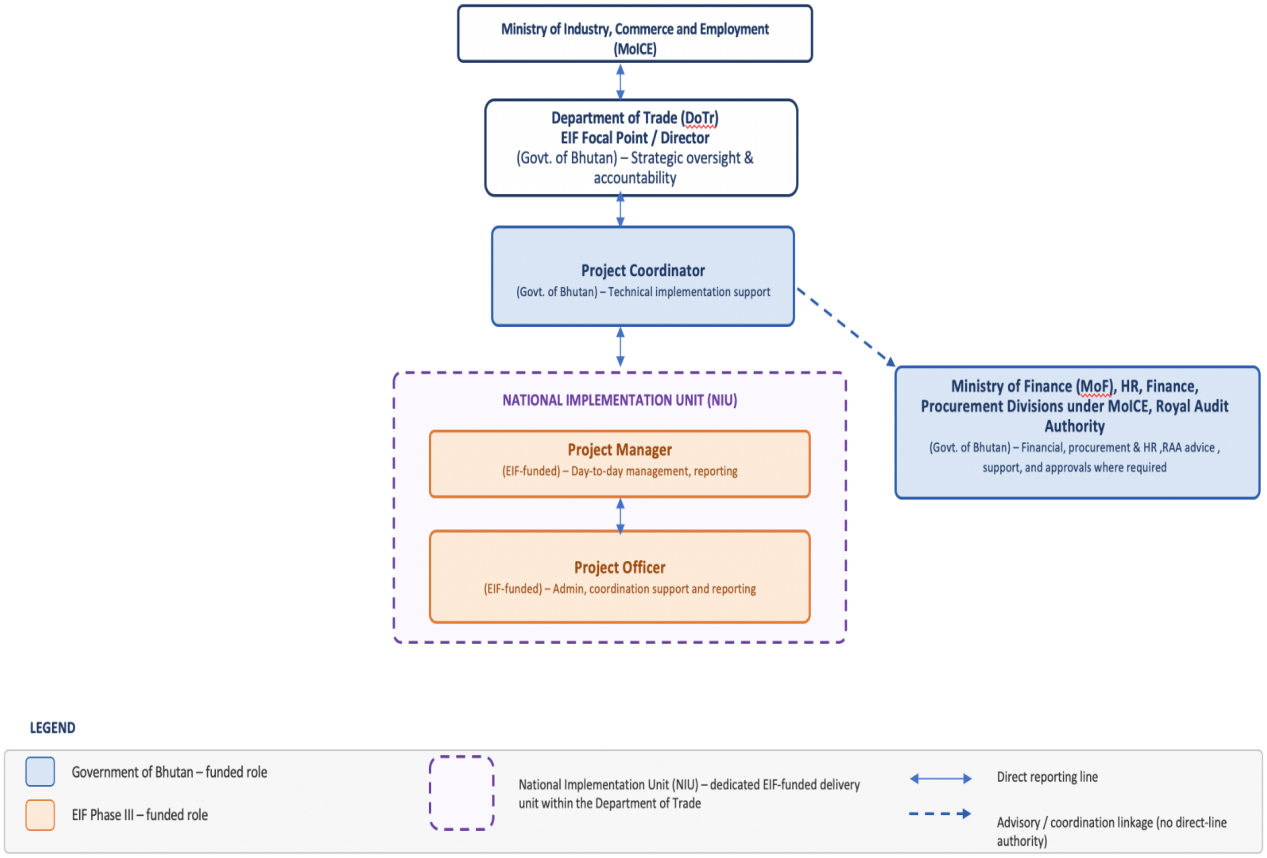
The NIU will oversee the performance of all Sub-IPs through a results-based monitoring framework, periodic technical and financial reporting, field monitoring missions, and regular implementation review meetings. Progress will be assessed against agreed outputs, milestones, fiduciary requirements, and performance indicators. Where implementation challenges or capacity gaps are identified, the NIU will provide technical support and agree on corrective actions. Any significant adjustments to implementation responsibilities or resource allocations will be considered through the programme governance mechanisms in accordance with EIF procedures.

In addition to managing implementation arrangements, the NIU will facilitate coordination among Sub-IPs and other programme stakeholders through the National Steering Committee, Technical Working Groups, inter-agency coordination meetings, and stakeholder consultations. Development partners, private sector organisations, financial institutions, academia, and civil society organisations will contribute through policy dialogue, technical expertise, knowledge sharing, and coordination but will not receive direct EIF financing unless formally designated as Sub-IPs under approved implementation arrangements. This governance structure will ensure effective coordination, accountability, and efficient delivery of programme results while maintaining alignment with national priorities and EIF Phase III requirements.

6.5. Break down roles: Govt vs Project-funded staff

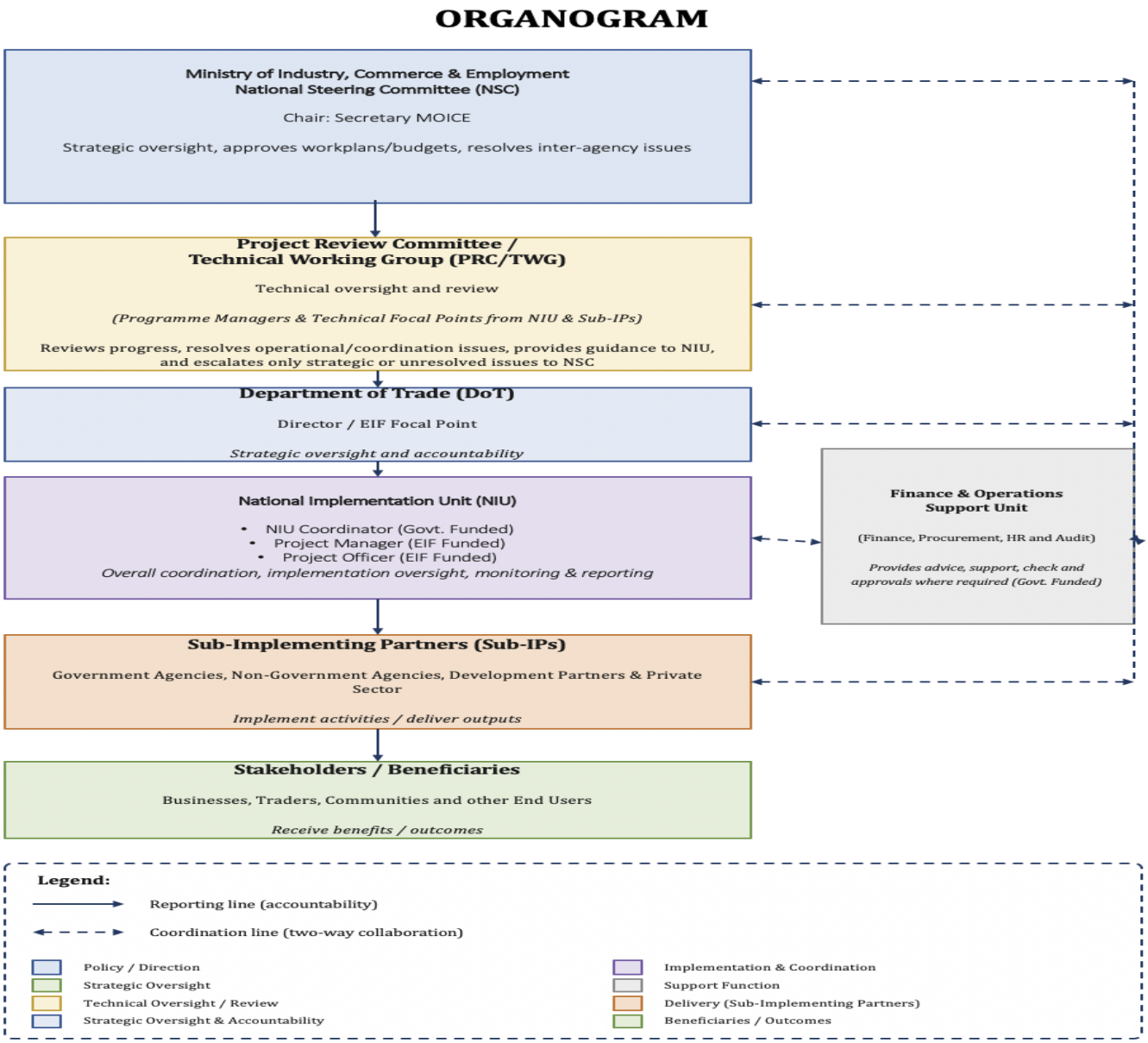
Role |	Funding Source	Function
Secretary, MOICE	Government	Apex authority; chairs NSC
EIF Focal Point / Director of Trade	Government	Strategic oversight, accountability
Project Coordinator	Government	Technical implementation support
Project Manager	EIF-funded	Day-to-day management, reporting
Project Officer	EIF-funded	Admin and coordination support and reporting
Ministry of Finance (MoF), HR, finance, procurement divisions under the MOICE,Royal Audit Authority	Government	Financial, Procurement and HR RAA related advice, support and approvals where required

MoICE ORGANIGRAMME – NIU STAFFING & REPORTING STRUCTURE (EIF PHASE III)



6.6. Institutional Structure

Entity	Role and Responsibilities
Ministry of Industry, Commerce & Employment (MoICE)	Strategic oversight and policy direction; ensuring CPD alignment with national trade and economic policies; co-chairing Programme Steering Committee.
EIF Focal Point / Director of Trade	Senior accountable authority for CPD delivery; strategic guidance and inter-ministerial coordination; oversight of NIU performance; reporting to EIF Secretariat.
National Implementation Unit-NIU	Day-to-day programme management and coordination; preparation of Annual Work Plans and Budgets (AWPBs); coordination with line ministries, agencies, and Sub-Implementing Partners; monitoring and evaluation (M&E); procurement and financial management; preparation of technical and financial reports to ES and TFM UNOPS; and ensuring compliance with EIF and government procedures
Division of Support Services, Finance/HR/Procurement Section	Financial management and budget oversight; processing and approval of expenditures; HR management and guidance on staffing and administrative matters; procurement planning, compliance, and advisory support; management of EIF accounts and financial reporting; coordination with audit authorities including the Royal Audit Authority; ensuring annual audit compliance and adherence to financial and procurement rules.
EIF Executive Secretariat & TFM UNPOS	Technical oversight; programme quality assurance; approval of AWPs and budgets; fiduciary and technical oversight; independent evaluations, technical guidance



6.7. Coordination and Oversight

The National Steering Committee (NSC) co-chaired by MoICE and the EIF Focal Point, will convene quarterly to review overall progress, resolve strategic issues, and approve Annual Work Plans (AWPs). The NSC/PSC will include representation from the Ministry of Finance, key line ministries, private sector (BCCI), development partners, and the EIF Secretariat as observers. An annual NIU/MoICE-led stakeholder consultation will review CPD progress, identify financing gaps, and align partner contributions with PAM priorities.

6.8. Project Closure

The NIU will develop a project closure plan by 2028, including timelines, handover procedures, final audit, Project Completion Report, financial report, and refund of balance (if any), asset disposition, and submission of the operational closure checklist. Final reports will document achievements, lessons learned, and recommendations for sustaining project impacts beyond EIF support

SECTION VII: Fiduciary and Financial Management

The CPD will comply fully with EIF fiduciary requirements and national financial regulations. The Ministry of Finance, as custodian of donor-funded projects, is responsible for mobilising external funds, approving budgetary releases, managing EIF accounts, and reconciling project expenditures through the Treasury Management Division.

The NIU will maintain a dedicated EIF project account with segregated funds, dual authorisation for disbursements, and regular reconciliations. Procurement will follow national public procurement rules through e-Government Procurement (e-GP) system with EIF guidelines-prioritising competitive processes, transparency, and value for money. The Royal Audit Authority (RAA) will audit the programme, and the audit report, including USD-denominated financial statements will be submitted to the TFM in accordance with EIF requirements. Where necessary to meet the USD financial reporting requirements, an independent external audit firm may be engaged to prepare or support the required USD-denominated financial statements and reporting to ensure compliance with EIF financial reporting requirements.

To ensure the timely completion of audits, the NIU will coordinate closely with the RAA and submit audit requests and all supporting documentation well in advance to facilitate the inclusion of the programme audit in the RAA's annual audit schedule.

The NIU will submit quarterly financial reports and annual audited financial statements to the EIF TFM. Any unspent balances at programme closure will be refunded in accordance with the EIF financing agreement.

SECTION VIII: Monitoring, Evaluation and Learning (MEL)

The CPD applies a results-based MEL framework aligned with EIF standards, national systems, and international good practice. The MEL system supports effective implementation by tracking progress against agreed outputs and outcomes, enabling adaptive management, capturing lessons, and ensuring transparency and accountability to the Royal Government of Bhutan, EIF Secretariat, development partners, and other stakeholders.

8.1 MEL Responsibilities

The NIU is the primary MEL anchor, responsible for data collection, analysis, and reporting. Programme staff and Sub-IPs contribute activity-level data and lessons learned. The EIF Executive Secretariat and UNOPS provide oversight, technical guidance, and support for evaluations. A national consultant will conduct an independent mid-term and final evaluation.

8.2 Indicators and Data

The MEL framework includes clear, measurable SMART indicators at output and outcome levels for both components, with disaggregation by gender, youth, sector, and enterprise size. At project inception, the NIU will undertake a baseline study to establish and validate relevant baseline data for the results framework and, where necessary, refine targets and measurement methodologies. Progress will subsequently be monitored against these baselines using administrative records, enterprise surveys, field monitoring visits, platform sales dashboards, and stakeholder consultations. The trade data dashboard developed under Output 1.2 will complement the MEL system by providing timely access to key trade performance metrics and supporting evidence-based monitoring and decision-making.

8.3 Reporting Cycle

Report	Frequency	Submitted To
Baseline Study and validated Results Framework	Once, at project inception (preferably within first 2-3 months)	EIF Secretariat & TFM
Activity progress update	Monthly (internal)	NIU management
Quarterly progress report	Quarterly	EIF Secretariat & TFM
Annual Work Plan (AWP)	Annually (Q4 for following year)	EIF Secretariat — for approval
Annual performance report	Annually	EIF Secretariat, TFM, PSC
Annual audited financial statements	Annually	RAA, EIF TFM
Mid-term evaluation	Year 2 (approx. mid-2027)	EIF Secretariat, NSC/PSC, stakeholders
Final evaluation	Year 3 (Q4 2028)	EIF Secretariat, RGoB
Project Completion Report	By Dec 2028	EIF Secretariat & TFM

SECTION IX: Communication Plan and Visibility

The Communications and Visibility Strategy will promote transparency, strengthen national ownership and stakeholder engagement, and support partnership and resource mobilisation throughout implementation. Communications will clearly articulate the CPD's contribution to Bhutan's national trade and investment priorities, demonstrate the value added of EIF support, and showcase results, lessons and investment opportunities at national, regional and global levels. The Ministry and NIU will use official government communication channels, digital and social media platforms, and relevant stakeholder networks to publicise key programme milestones, including CPD approval and launch, implementation progress, results and success stories. Where appropriate, social media communications will tag the EIF Executive Secretariat, the EIF Trust Fund Manager (UNOPS) and relevant funding partners to enhance visibility and outreach.

All communication, knowledge and visibility products—including publications, reports, policy briefs, training materials, digital content, media releases, events and audio-visual materials—will comply with the EIF Communications and Visibility Guidelines. Programme outputs will be appropriately co-branded with the Royal Government of Bhutan and EIF, acknowledge EIF financial support, and follow agreed branding, logo and communication protocols. The NIU Communications Team will coordinate these activities and engage with the EIF Communications Team, as appropriate, on key messages, visibility materials and communication of.

9.1 Objectives

- Raise awareness of CPD objectives, interventions, and results among government, private sector, development partners, civil society, and the public.
- Promote national ownership through inclusive stakeholder engagement and public-private dialogue.
- Showcase achievements in Brand Bhutan promotion, CSMI competitiveness, export diversification, and digital trade.
- Strengthen EIF visibility and attract complementary financing, technical assistance, and investment partnerships.
- Commons Plan annexure attached.
- Communication Activities.

Activities
Launch event; Inception workshop; biannual NSC/PSC meetings; annual stakeholder consultations; WTO coordination briefings; programme closure event
BBS TV/radio features; hotel and tourism integration; national Brand Bhutan awards event, Inflight Magazines, social media using influencer partnership
Digital advertising on Meta/Google/Pinterest; influencer partnerships; international editorial features; FAM press trips; retail co-branding
Project website; social media channels; quarterly e-newsletters; success story series; video documentaries; podcast features
Policy briefs; trade and investment mapping reports; value chain case studies; MEL learning notes; annual progress reports

SECTION X: Risk Management and Mitigation

Risk management is embedded in the CPD's MEL framework. Risks are assessed by likelihood and potential impact (High/Medium/Low) with corresponding mitigation and contingency measures and are monitored continuously throughout implementation. The NIU will maintain the risk register as a living management tool, monitor relevant early-warning indicators and emerging risks, and escalate significant issues through the established coordination and oversight mechanisms.

The NIU will monitor key implementation, institutional, fiduciary, financing, market, and external risks throughout the programme. Attention will be given to implementation and procurement delays, coordination, and capacity constraints across implementing entities, availability of co-financing, achievement of enterprise and market results, mobilisation of private investment, and policy, economic, digital and climate-related risks. Emerging risks and implementation bottlenecks will be reviewed through the programme's monitoring and coordination mechanisms, with mitigation and corrective actions initiated and escalated where required.

The NIU will review the risk register at least annually and more frequently where significant risks emerge or circumstances change, with key findings and mitigation actions reported to the NSC/PSC and reflected, where relevant, in programme progress reporting to the EIF Executive Secretariat and TFM. Risk reviews will inform adaptive management, including adjustments to implementation sequencing, resource allocation and mitigation measures where necessary. The detailed (*Annex -6*) provides the programme-

level risks, likelihood and impact ratings, mitigation and contingency measures, and monitoring arrangements.

10.1. Procurement System.

Bhutan's e-Government Procurement (e-GP) system has transitioned from a Phase II area of concern into a cornerstone of the Royal Government of Bhutan's (RGoB) implementation capacity. By digitizing the procurement lifecycle, the system has dramatically improved operational timelines and transparency. For the Phase III Country Programme Document (CPD), all procurement of goods, services, and consultancies exceeding the micro-purchase threshold will be mandated through the e-GP platform. This digital transition ensures timely, quality, and Value-for-Money (VFM) outcomes through competitive bidding, shorter processing windows, and immutable audit trails. Furthermore, the system's capacity for objective, transparent bid evaluation directly enhances project delivery efficiency. To safeguard these gains, procurement policies, roles, and delegated authorities will be explicitly defined, periodically updated, and subjected to rigorous oversight by external bodies like the Royal Audit Authority. Together, these institutional and digital measures institutionalize transparency, strict accountability, and absolute integrity within Bhutan's public procurement framework.

SECTION XI: Value for Money (VfM)

The CPD applies a four-dimension VfM framework - Economy, Efficiency, Effectiveness, and Equity - to ensure that EIF resources are used optimally to maximise development impact, consistent with EIF Phase III fiduciary and results-based management requirements. (*refer to Annex 8*)

Economy	Procurement operations were optimized for cost-effectiveness and compliance by utilizing the Bhutan e-Government Procurement (e-GP) system in strict alignment with national rules and EIF guidelines. By leveraging government in-kind contributions-such as office space, utilities, vehicles, and personnel-the project successfully minimized direct operational costs. Furthermore, the deployment of a fully online system significantly accelerated procurement timelines and enhanced transparency. Finally, utilizing existing institutional systems and capacities prevented the duplication of efforts and maximized resource efficiency. Where feasible, national firms and national consultants will be prioritised to deliver programme inputs and outputs, supporting cost-effectiveness, building domestic capacity, and retaining programme value within Bhutan's economy.
Efficiency	Programme implementation has been designed to maximise the use of existing national systems and institutional arrangements. The National Implementation Unit (NIU) will coordinate implementation through established government structures rather than creating parallel mechanisms. The sequencing of interventions under the two EIF Funding Facilities enhances implementation efficiency: institutional reforms, WTO accession support, standards systems, and capacity development under Component 1 establish the enabling environment for Component 2 interventions on export competitiveness, investment promotion, Brand Bhutan, digital trade, and enterprise development. Annual Work Plans and Budgets, quarterly implementation reviews, the Monitoring, Evaluation and Learning (MEL) system, and adaptive management mechanisms will enable timely identification of

	implementation bottlenecks, allowing resources to be reallocated where necessary to maximise programme performance.
Effectiveness	The programme has been designed around clearly defined outputs and outcomes that contribute directly to Bhutan's trade and investment priorities, the EIF Phase Three Results Framework, and the Sustainable Development Goals. Investments in WTO accession, institutional strengthening, standards compliance, investment readiness, digital trade, Brand Bhutan, MSME competitiveness, and export diversification are expected to improve market access, strengthen enterprise competitiveness, attract investment, and expand export opportunities. Progress will be measured through SMART indicators contained in the programme logframe and monitored through regular reporting, field verification, beneficiary feedback, enterprise surveys, and independent evaluations. Lessons generated through implementation will inform adaptive management and continuous programme improvement.
Equity	The CPD promotes equitable access to programme benefits by ensuring that women, youth, rural enterprises, and other underserved groups are meaningfully included across all interventions. At least 30% of supported Cottage, Small and Medium Industries (CSMIs) will be women-led and 20% will be youth-led, with participation and results systematically monitored through gender- and youth-disaggregated indicators across all output levels. The Brand Bhutan initiative will intentionally showcase women and youth entrepreneurs as ambassadors of Bhutanese products and services, strengthening their visibility and access to domestic and international markets. Green trade interventions will prioritise rural and agro-processing value chains, expanding opportunities for producers in less-developed areas while promoting environmentally sustainable production practices. In addition, Dzongkhag-level consultations will ensure that programme design and implementation reflect regional priorities and that benefits are distributed across different geographical areas, thereby strengthening national ownership and promoting inclusive economic development. This approach ensures that EIF investments contribute not only to economic efficiency but also to inclusive, geographically balanced, and socially equitable trade-led growth.

SECTION XII: Partnerships and Resource Mobilisation

Partnership development and resource mobilisation will be integral to implementation of the CPD. EIF financing will be used as catalytic seed financing to prepare, demonstrate and de-risk priority trade and investment interventions capable of attracting additional financing from the Royal Government of Bhutan, development partners, financial institutions and the private sector. Resource mobilisation will be anchored in the Prioritized Action Matrix (PAM), which will identify both funded and unfunded national trade and investment priorities and provide the basis for structured engagement with prospective financing partners.

The National Implementation Unit (NIU), under the leadership of the Department of Trade and in coordination with the Ministry of Finance and relevant implementing agencies, will maintain a resource mobilisation pipeline linked to the PAM. Each priority intervention will be classified as: (i) EIF-financed; (ii) jointly financed/co-financed; (iii) partner-financed; or (iv) currently unfunded and requiring resource mobilisation. For priorities in the fourth category, the PAM will identify indicative financing requirements, potential financing sources, the responsible institution, status of engagement and the next steps required to mobilise resources.

Particular attention will be given to using EIF-supported technical assistance, diagnostics, feasibility work, pilot interventions and project preparation to convert national trade and investment priorities into investment- and financing-ready propositions. For example, EIF support for investment-ready project preparation and eco-industrial park frameworks will be used to develop credible business cases, feasibility assessments and investor briefs that can subsequently be presented to prospective public and private financiers. Similarly, evidence generated through export diversification, Brand Bhutan, standards, digital trade and CSMI pilots will be used to demonstrate commercial potential and support the mobilisation of resources for replication and scale-up.

Resource mobilisation will therefore extend beyond conventional development-partner financing and seek to connect trade priorities with investment opportunities. Engagement will focus on securing complementary financing for interventions that can expand productive capacity, facilitate market entry, strengthen export-oriented enterprises, and attract investment into priority sectors and value chains.

12.1. Partner engagement mechanism

The NIU will coordinate a structured engagement process with the development and funding partners already identified in the CPD, including the World Bank, ADB, UNDP, JICA and WWF, according to their respective areas of engagement and potential complementarity with PAM priorities. Such references will not be treated as confirmed co-financing unless formally agreed. The CPD and PAM will distinguish clearly between confirmed financing, financing under discussion and prospective financing opportunities.

Partner engagement will take place through a combination of bilateral consultations, technical meetings, project-specific financing discussions, investor and private-sector engagement, and broader stakeholder/resource-mobilisation sessions. The Bhutan Donor Roundtable and other relevant national coordination mechanisms may also be used to present priority financing gaps, investment-ready opportunities and results generated through EIF catalytic interventions.

For priority interventions requiring substantial follow-on investment, the responsible implementing agency, supported by the NIU, will prepare a concise financing proposition setting out the development and commercial rationale, expected results, financing requirement, proposed financing structure and contribution already made through EIF or Government resources. This will allow engagement with partners to move from general programme discussions towards specific financing propositions.

12.2.PAM review and resource mobilisation cycle

The PAM will serve as the principal instrument for monitoring both implementation and financing gaps. It will be **f**ormally reviewed and updated at least twice each year through structured stakeholder consultations involving relevant government agencies, the private sector, development and funding partners and other stakeholders.

Between these formal reviews, the NIU will conduct bilateral meetings with prospective funding and implementation partners to follow up on specific financing opportunities. These discussions will update the resource mobilisation pipeline and record, at minimum: financing sought, partner contacted, status of discussions, agreed follow-up action, responsible institution and expected timeframe.

The biannual PAM review will therefore assess:

- progress in financing and implementing existing PAM priorities;
- remaining financing gaps and unfunded priorities;

- new Government, development-partner, and private-sector financing opportunities;
- progress in converting EIF-supported pilots and project preparation into larger investments;
- emerging national trade and investment priorities requiring inclusion in the PAM; and
- opportunities for replication or scale-up of successful interventions.

Following each review, the PAM and resource mobilisation pipeline will be updated and used to guide subsequent bilateral partner engagement.

12.3. Leveraging and monitoring results

The NIU will actively engage the EIF Funding Partner Facilitator in resource mobilisation and leveraging efforts, including identifying and engaging prospective funding and investment partners, facilitating strategic partnerships and co-financing arrangements, and leveraging EIF investments to mobilise additional public, private and development-partner resources. These efforts will aim to maximise the catalytic impact of EIF financing, attract follow-on investment, and sustain and scale priority CPD interventions beyond EIF support.

Resource mobilisation performance will be monitored as a programme result rather than solely as an administrative activity. The NIU will maintain evidence of financing commitments, investment agreements and other resources mobilised and will distinguish Government, development-partner, and private-sector contributions.

SECTION XIII: Budget Summary

Full line-item budget by year is provided in *Annex 2* and budget detail & summary – *Annex 3*.

SECTION XIV: Sustainability Strategy

The sustainability of the CPD will be ensured through a comprehensive approach that strengthens institutional ownership, embeds systems within government structures, develops long-term human resource capacity, and secures sustainable financing.

14.1. Institutional Sustainability and Ownership

All programme interventions will be implemented through existing government institutions, with the DoTr serving as the lead implementing agency in close collaboration with relevant ministries, agencies, the private sector, and development partners. New systems, policies, guidelines, and digital platforms developed under the CPD will be formally integrated into government mandates, work processes and regulatory frameworks to ensure continued operation beyond EIF support. Coordination mechanisms, such as the National Trade Facilitation Committee (NTFC) *(Annex 9)* and other inter-agency working groups, will continue to provide institutional oversight and cross-sector collaboration.

14.2. Embedding and Retaining Capacities

The programme will prioritise institutional rather than individual capacity development. Training programmes will adopt a training-of-trainers approach, practical guidance, technical resources and knowledge sharing to preserve institutional knowledge. Capacity-building will target government officials, relevant agencies as well as private sector stakeholders, enabling continued implementation of trade initiatives. Throughout implementation, the NIU will progressively transfer programme coordination, monitoring, reporting and knowledge management functions to the DoTr to strengthen long-term institutional capacity.

14.3. Long Term Financing

To sustain programme results beyond EIF support, recurrent operational and maintenance costs for digital systems, trade facilitation mechanisms, and institutional functions will be progressively integrated into the Government's regular budget under the 13th Five-Year Plan and subsequent National Development Plans. This transition reflects the Government's commitment to institutionalising successful interventions and ensuring their long-term sustainability through domestic financing. EIF Phase III financing will support this transition by providing catalytic investments to establish and strengthen systems, build institutional and human resource capacities, and demonstrate operational effectiveness, thereby reducing future financing requirements and facilitating their gradual absorption into government budgets. Additional resources will be mobilised through development partners, regional initiatives, and private sector investment, where appropriate. Key investments, including information services and support mechanisms, will be institutionalised within government structures with clearly assigned responsibilities for operation, maintenance, and continuous improvement. Regular monitoring, performance reviews, and stakeholder engagement will ensure that systems remain effective, responsive, and sustainable.

14.4. Results Sustainability

The sustainability of programme results will be ensured through institutional strengthening, policy reforms, capacity development, and private sector engagement. Support for WTO accession, trade governance, and investment reforms will strengthen national systems and institutional capacities that will continue beyond the programme period. Interventions to enhance CSMI competitiveness, standards compliance, value chain development, and market linkages will create lasting benefits for enterprises and export growth. Similarly, investments in investment readiness and Eco-Industrial Park (EIP) development will establish frameworks and partnerships that support long-term industrial development and private sector investment.

To ensure operational sustainability, the NIU will progressively transfer its coordination, monitoring, and reporting functions to the DoTr, with government officials trained to assume these responsibilities. By embedding programme interventions within existing institutions and national systems, the programme will promote sustained ownership and long-term impact beyond EIF support.

Overall, the sustainability strategy is based on strong ownership by the government and private sector, institutionalised systems, enhanced national capacities and sustainable financing. By embedding programme interventions within government structures, strengthening institutional capacities, and integrating recurrent costs into national planning and budgets, this will ensure that the results and benefits of EIF support are sustained beyond the programme period, contributing to Bhutan's long-term trade competitiveness, export diversification and trade facilitation objectives.

14.5. Sustainability beyond EIF Financing

The NIU will work with participating institutions to translate these sustainability commitments into practical arrangements during implementation. Attention will be given to institutional ownership, transfer and retention of technical capacities, integration of supported services and systems into regular institutional functions, identification of recurrent financing needs, and mobilisation of complementary public, private and development-partner resources. For major interventions, the NIU will identify the institution responsible for sustaining results, the anticipated post-EIF financing or operational arrangements, and opportunities for replication or scale-up. Progress on these measures will be reviewed through the CPD's monitoring and evaluation framework and reflected in the NIU sustainability plan and project completion reporting.

Relevant Stakeholder

Stakeholder	Proposed sustainability angle
Department of Trade – TND, EPD and ITPFD	Institutionalize the technical capacities, coordination mechanisms and tools developed under the CPD within the Department's regular functions. TND will sustain WTO-related negotiation and implementation capacities; EPD will integrate export promotion, market intelligence and enterprise support into its ongoing services; and ITPFD will maintain trade facilitation and digital trade initiatives through established institutional arrangements. A phased NIU sustainability plan will support the transfer of knowledge, functions, and responsibilities to permanent departmental structures.
Ministry of Foreign Affairs and External Trade (MoFAET)	Sustain institutional coordination on international trade negotiations and external trade relations by integrating knowledge and capacities acquired through the CPD into regular diplomatic and trade engagement functions. Continued collaboration with DoTr will support Bhutan's participation in international trade processes beyond the project period.
Ministry of Finance (MoF)	Support financial sustainability by facilitating the integration of priority trade and investment interventions into national planning and budgeting processes, where feasible. Strengthen coordination for complementary financing and resource mobilisation while ensuring that financial management capacities and accountability mechanisms developed under the CPD remain embedded in national systems.
Ministry of Energy and Natural resource (MoENR)	Sustain climate and environmental outcomes by integrating relevant CPD-supported approaches into existing environmental and natural resource management frameworks. Promote continued application of climate-resilient, resource-efficient and environmentally sustainable practices in trade-related and industrial development initiatives.
Bhutan Standard Bureau (BSB)	Institutionalize strengthened standardization, conformity assessment and certification capacities within BSB's regular service delivery. Sustain technical expertise, procedures and enterprise support mechanisms to enable continued compliance with domestic and international standards, reducing reliance on project-financed technical assistance.
Bhutan Food and Drug Regulatory Authority (BFDA)	Sustain certification-related support for Made in Bhutan (MIB) and Grown in Bhutan (GIB) products by integrating improved procedures, technical capacities, and guidance into BFDA's ongoing regulatory services. Strengthen coordination with enterprises and relevant institutions to maintain product quality, regulatory compliance, and export readiness beyond the CPD.
Royal Monetary Authority (RMA)	Promote the long-term sustainability of digital payment and trade-related financial infrastructure by ensuring that CPD-supported initiatives align with existing financial sector regulatory frameworks and institutional responsibilities. Continued regulatory oversight and collaboration with relevant financial service providers will support secure, interoperable, and commercially sustainable payment solutions for cross-border trade and e-commerce.
Department of Industry (DoI) and Department of Entrepreneur DOE)	Integrate enterprise competitiveness, entrepreneurship development, investment readiness and export-oriented business support into existing industrial and entrepreneurship development programmes. Sustain

	business development services, incubation support and market linkages through institutional capacity-building, private-sector partnerships, and continued support for women- and youth-led enterprises.
Department of Media, Creative Industry, and Intellectual Property	Build on capacities and partnerships established under previous EIF phases to sustain support for craft enterprises, women entrepreneurs, and intellectual property development. Institutionalize relevant training, branding and IP advisory services and strengthen commercial market linkages so that participating enterprises can maintain competitiveness and market access beyond project support.
Druk sell	Strengthen the commercial sustainability of participating CSMIs through improved productivity, formalization, product quality, branding and sustained access to domestic and international markets. Build on existing commercial platforms and buyer relationships to maintain market linkages and enterprise support beyond EIF financing, with greater reliance on market-based revenues and private-sector partnerships.
Bhutan Chamber of Commerce and Industry (BCCI)	Institutionalize CPD-supported enterprise engagement, trade and investment information-sharing, business networking and market-linkage activities within BCCI's ongoing member services. Strengthen its capacity to facilitate private-sector participation, advocate for an enabling business environment and mobilize business partnerships that can sustain and expand programme results.
Gov.Tech	Ensure the long-term sustainability of CPD-supported digital trade and e-commerce solutions through integration with national digital government systems. Establish clear arrangements for system ownership, maintenance, cybersecurity, interoperability, technical support, and recurrent operating costs, while transferring relevant technical capacities to responsible institutions.
Department of Agriculture Marketing & Cooperatives, MoAL	Sustain agricultural value-chain and export development interventions by integrating improved aggregation, quality management, market intelligence and export-readiness support into DAMC's regular programmes. Strengthen producer organizations, cooperatives, and commercial buyer relationships to maintain market access and support the replication of successful approaches among rural CSMIs.
Development partners	Support sustainability and scale-up through complementary financing, technical cooperation and partnerships aligned with national trade and investment priorities. Priority will be given to mobilizing follow-on resources for successful interventions, investment-ready projects, and institutional capacities, with clearly identified financing opportunities and implementation responsibilities beyond EIF support.

CPD Annexes

The following annexes form integral parts of this Country Programme Document and are submitted as enclosed documents:

Annex	Title and Description
Annex 1	Full Logical Framework (Log frame)
Annex 2	Global Work Plan & Annual Work Plan - Timeline and sequencing of activities, based on the output indicators of the log frame.

Annex 3	Budget Detail & Summary
Annex 4	MEL Plan - Detailed MEL strategy, including activities, tools, reporting frequency and roles.
Annex 5	Communications plan– Plan outlining how stakeholder engagement, information sharing, visibility and showcasing of results will be carried out at national, regional, and global levels.
Annex 6	Risk management matrix – Matrix outlining key risks, likelihood, potential impact, mitigation measures and contingency measures.
Annex 7	Prioritized Action Matrix (PAM) & PAM Mapping
Annex 8	VfM – Value for Money analysis demonstrating the programme's economy, efficiency, effectiveness, equity, and sustainability, including key value-for-money considerations.
Annex 9	Composition of National Trade Facilitation Committee
Annex 10	Summary of the Royal Government of Bhutan's financial and in-kind contributions to the programme.