

Report on the Review of the Cost-Sharing Mechanism for RNR sector, 2025

རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་གནས་ཚུལ་བཞག་པའི་ཐབས་ལུགས་ ༢༠༢༥ ཅན་མའི་བསྐྱར་ཞིབ་སྒྲུབ་ཀྱི་

Economic and Finance Committee རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ཚོགས་ཆུང་གི་

National Assembly of Bhutan

Date: June 3, 2025.

1. Background

During the Plenary Meeting རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ of the National Assembly held on 7th February 2025, the Economic and Finance Committee (EFC) རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ was directed to review the Cost-Sharing Mechanism (CSM) for RNR sector རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་གནས་ཚུལ་བཞག་པའི་ཐབས་ལུགས་ཀྱི་. The review aimed རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ to assess the appropriateness རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ and practicality of the current 60:40 (government to beneficiary) subsidy ratio རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་ as notified by the Ministry of Finance (MoF) on 27th August 2024.

2. Stakeholder Consultations རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་

In compliance with the directive, the EFC convened a consultative meeting on 19th February 2025 with representatives from:

- Ministry of Finance (MoF) རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་
- Ministry of Agriculture and Livestock (MoAL) རྒྱུ་འབྱུང་འཛུལ་སྒྲིལ་གྱི་

The objective of the meeting was to:

- Understand the rationale རྒྱུ་མཚན་ཀྱི། behind the current 60:40 subsidy ratio,
- Assess the Ministry of Agriculture and Livestock's position on implementing the scheme,
- Explore the feasibility རྒྱུ་བཟུང་བ་དང་ མ་བཟུང་བ་ཀྱི། of modifying the cost-sharing model to better suit ground realities.

Following in-depth deliberations, all parties agreed that further analysis རྒྱུ་ཐུག་ཐབས་ དེ་ཕྱི་ཞིབ་ཀྱི། was necessary. As a result, both the ministries agreed to form a joint technical task force རྒྱུ་མཁན་གསལ་གྱི་ ལས་བྱེད་ཚོགས་ཚུངས་ཀྱི། with representatives from both MoF and MoAL to carry out a detailed review and develop a mutually agreeable རྒྱུ་འཆམ་ཀྱི། cost-sharing mechanism. The ministries also agreed to share the draft CSM guideline to EFC.

3. Follow-up and Current Status

To track the progress, the EFC sent an official letter on 15th May 2025 requesting an update རྒྱུ་ཞུས་ཚད་ཀྱི། from both ministries. The following responses were received:

a. Response from the Ministry of Agriculture and Livestock (MoAL)

MoAL confirmed the formation of a technical working team comprising members from both MoAL and MoF. Key points from their update include:

- The technical team held five internal meetings (MoAL) རྒྱུ་ནང་འཁོད་ཞུས་འཛུལ་ཀྱི། and two joint meetings རྒྱུ་མཉམ་འབྲེལ་ཞུས་འཛུལ་ཀྱི། with MoF counterparts.

- The CSM 2025 proposal is aligned with the 13th FYP objectives, aiming for a strategic རྒྱུ་མཐུན་ལུ་དམིགས་གཏན་དུ་བསྐྱེད་ནི་ approach.
- The proposal was reviewed རྒྱུ་མཐུན་ཞིབ་ and endorsed རྒྱུ་མཐུན་ by the MoAL GNH Committee, chaired by Hon'ble Lyonpo, on **23rd April 2025**.
- The finalized proposal was submitted to the Ministry of Finance on **29th April 2025** for their review and input.
- MoAL is awaiting feedback from MoF. Upon receiving comments, the proposal will be submitted to the Cabinet རྒྱན་ཀྲུས་གཞུང་ཚོགས་ for approval, considering that the current CSM expires རྒྱུ་མཐུན་ཚུགས་ནི་ in **June 2025**.

b. Response from the Ministry of Finance (MoF)

The MoF acknowledged that the matter is still under review རྒྱུ་མཐུན་ཞིབ་འབད་བའི་བསྐྱེད་, and both ministries are working together to finalize the revised model. A detailed report རྒྱན་ཀྲུ་ཁ་གསལ་ will be submitted to the EFC once a final decision has been reached.

4. Conclusion and Way Forward

The Economic and Finance Committee acknowledges the progress made by the two ministries, particularly the efforts of the technical working group in formulating a revised cost-sharing model. However, with the June 2025 expiration of the current model approaching, the Committee emphasizes the urgency རྒྱུ་མཐུན་མཐུགས་ of finalizing རྒྱུ་མཐུན་བཏོག་ནི་ and approving རྒྱུ་མཐུན་ the new CSM.

The Committee urges: རྒྱུ་ཆེན་མཆོག་གི་ཐོས་འདེབས་ཀྱི་

- The Ministry of Finance to expedite རྒྱུ་ཆེན་མཆོག་གི་ཐོས་འདེབས་ཀྱི་ རྒྱུ་ཆེན་མཆོག་གི་ཐོས་འདེབས་ཀྱི་
- The Joint Technical Task Force རྒྱུ་ཆེན་མཆོག་གི་ཐོས་འདེབས་ཀྱི་ རྒྱུ་ཆེན་མཆོག་གི་ཐོས་འདེབས་ཀྱི་
- Submission of the final report to the Committee at the earliest possible date.

The EFC will continue to monitor developments and provide necessary support to ensure timely implementation of the revised cost-sharing model that aligns with national priorities and supports Bhutanese farmers effectively.

Prepared by:

Economic and Finance Committee

National Assembly of Bhutan

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