



Mid-term Evaluation Report

Project Profile	
Project Code	AFoCO/017/2020
Project Title	Sustainable Community-based Enterprise Development for Improved Rural Livelihood in Bhutan (2020-2025)
Project Duration	Start date: 1 st July 2020 End date: 31 st July 2025
Implementing Agency	Forest Resources Planning and Management Division, Department of Forests and Park Services
Participating Countries	Bhutan
Project Site	12 Districts (Bumthang, Chukha, Thimphu, Paro, Haa, Gasa, Wangdue, Punakha, Tsirang, Lhuentse, Trashigang, Pemagatshel)
Main Objective	<ul style="list-style-type: none"> - To promote CF and NWFP industries by establishing community based enterprises - To develop alternative income sources for livelihoods of rural communities - To enhance knowledge and technology on climate change adaptation through sustainable forest management
Budget and Source of Finance	Total: USD: 1,400,000 AFoCO: USD 1,000,000 National Budget: USD 400,000 (salary & travel) - Others: N/A
Beneficiaries	The project involves mainly the community-based organizations (CF and NWFP groups). Other relevant stakeholders are also involved directly or indirectly. Particularly for PES schemes; municipal, schools and other institutions. The project targeted 120 CBFPM groups for the sustainable management of forest resources and enhancing their livelihoods.

Summary of Evaluation Report	
Evaluation Period	January -February 2023 (12 – 16 February 2023 for on-site verification)
Evaluation Site	Office of the Forest Resources Planning and Management Division and community groups and enterprises participating in the project (Drakey Chinto NWFP group and Tamzhing Wood-based Enterprise (Bumthang) etc.)
Evaluation Check Points	<p>The following checkpoints help comprehensively assess the project's progress, challenges, and opportunities at the mid-term stage. They serve as valuable guidance for making informed decisions and implementing necessary adjustments to complete the project.</p> <ul style="list-style-type: none"> ● Evaluate the extent to which the project has achieved its objectives and milestones at the midpoint. Assess the progress made towards each objective and determine if any adjustments or corrective actions are required. ● Assess project outputs and deliverables' quality, quantity, and timeliness. Verify if they align with the project plan and contribute to the intended outcomes. ● Evaluate the level of engagement and satisfaction of stakeholders, including project beneficiaries, partner organizations, and local communities. Assess if their needs and expectations are being addressed and if communication channels are effective. ● Review the utilization of project resources, including financial, human, and technical resources. Assess if resources are allocated efficiently, if any resource gaps exist, and if the project is on track with its budget and timelines. ● Assess the potential for project sustainability beyond its completion. Evaluate if the project's outcomes and benefits can be sustained over the long term and if there are opportunities for scaling up or replicating successful practices. ● Identify and document lessons learned from project implementation. Assess if the project has been responsive to changing circumstances, adaptive to challenges and if lessons learned are incorporated into project adjustments.

	Signature	Date	Name/Title
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Group photo taken during the on-site evaluation

Notes to Readers

The information presented in this report is based on data and observations collected during the evaluation mission. It is essential to note that the opinions, views, and recommendations expressed in this evaluation report do not reflect the official stance or position of the Asian Forest Cooperation Organization (AFoCO) Secretariat. We extend our sincere appreciation to the Implementation Agency for their gracious hospitality and support, which facilitated the successful completion of the evaluation mission. If you require additional information or seek clarification on any matters discussed in this report, please do not hesitate to contact Soozin Ryang (soozin.ryang@afocosec.org).

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Abbreviation & Acronyms

AFoCO	Asian Forest Cooperation Organization
CBFRM	Community based forest resource management
CF	Community Forest
DoFPS	Department of Forests and Park Services
EU	European Union
GNHC	Gross National Happiness Commission of the Royal Government of Bhutan
HA	Hectares
IA	Implementing Agency
KII	Key Informant Interview
KFS	Korea Forest Service
LogFrame	Logical Framework
M&E	Monitoring and Evaluation
NFP	National Focal Point
NTFP	Non-Timber Forest Products
NWFP	Non-Wood Forest Products
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OVI	Objectively Verifiable Indicators
PES	Payment for Ecosystem Services
PIP	Project Implementation Plan
PSC	Project Steering Committee
ROD	Record of Discussion
SDG	Sustainable Development Goal
UNDP	United Nations Development Programme

1. Introduction

In line with AFoCO's commitment to enhance project implementation and achieve its objectives, the organization conducts three types of project evaluations: mid-term, final, and ex-post evaluations. These evaluations aim to ensure that projects are delivered as planned and to extract valuable lessons learned and best practices that can inform future project development.

As per the 2023 Work Plan and Budget, approved during the 7th Assembly (Decision 48-VII-22R), and the project monitoring plan for AFoCO/017/2020 conducted from February 5th to 12th, 2023, the Secretariat conducted a mid-term evaluation of the subject project. This mid-term evaluation specifically covers the project's implementation from July 2020 to December 2022 and assesses the Implementation Agency's (IA) performance across various dimensions, including relevance, progress towards outcomes, partnerships, governance, efficiency, sustainability, and impact. The evaluation focused on IA activities in two out of twelve core districts in Bhutan.

The mid-term evaluation serves a dual purpose: accountability and learning. It evaluates project results in terms of their relevance to target beneficiaries, alignment with national needs and priorities, and extracts valuable lessons for potential scaling, replication, or follow-on projects in Bhutan or other member countries facing similar challenges and employing comparable approaches, beneficiaries, tools, and project design elements.

The objectives of the project evaluation have been identified by the AFoCO Secretariat in accordance with M&E Guidelines and donor requirements to address the needs and priorities identified by the primary users of evaluation findings. The main objective is to assess project results and their value to various stakeholders at different levels, including the public/ministerial, private, non-profit, and community levels. The specific objectives of the evaluation are:

- To draw conclusions and recommendations based on all relevant factors to improve the design and performance of planned or ongoing activities.
- To verify that accomplished and milestone outputs are contributing to the achievement of project objectives and outcomes.

Primary users of the mid-term evaluation findings will include the AFoCO Secretariat, target beneficiaries, national counterparts in Bhutan, and project partners. Secondary users encompass various line ministries in governments and other local organizations, both public and private.

The recommendations generated from this evaluation will be subject to further discussion during project steering committee meetings, ensuring their successful implementation throughout the project's lifecycle. While it is still early in the project, the evaluation team has identified activities showing promise, denoted as 'Best practices,' which may serve as valuable evidence and topics of interest for the final evaluation team to explore in-depth.

2. Evaluation Scope and Methodology

This evaluation generally covers the examination of the objectives and outcomes of the project to determine whether the activities of the project are leading to meet the project objectives and corresponding outputs as planned including its sustainability beyond the project life. It is also designed to document lessons learned and best practices for further improvements of this project as well as similar projects in the future. The report may also provide inputs to the AFoCO Strategic Plan 2023-2030 and possibly assist by suggesting improvements to the AFoCO Project Manual and M&E Guidelines.

2.1 Evaluation scope and criteria

The mid-term evaluation of this project adhered to AFoCO's Monitoring and Evaluation Guidelines, ensuring a well-structured approach. Following OECD/DAC evaluation criteria, the assessment covered project performance, relevance, effectiveness, efficiency, coherence, sustainability, and impact (Figure 1). The evaluation employed a robust methodology to comprehensively assess the project's performance and impact across these key criteria. This structured approach served as the foundation for a thorough analysis, providing valuable insights into the project's effectiveness, efficiency, relevance, coherence, sustainability, and overall development impact.

Since the implementation is in progress, “prospects for impacts” were determined and all other criteria, especially on effectiveness and efficiency were evaluated based on verifiable (quantitative and qualitative) measurements as identified in the Project’s Log Frame and analysis from the PIP matrix.



Figure 1 Outlines the six criteria and their related questions as adopted from the OECD/DAC

2.2 Evaluation methodologies and analysis

The mid-term evaluation process was undertaken through document review, interview with project staff/stakeholders and on two project sites (Paro, Bumthang) visits within six (6) days on-site mission to Bhutan from 12-18 February 2023, complemented with the analysis of survey results from 19-24 February 2023.

The field assessment consisted of actual site inspection (Paro, Bumthang), group meetings and consultation, and individual interviews of key actors involved in the project. The field visit was

undertaken to confirm on the ground the various statements of project accomplishments contained in the various project reports, to conduct an ocular inspection of the project activities and outputs, to obtain first-hand information about the participation of the communities enlisted in the project, and to gain a better appreciation of the problems and opportunities encountered during project implementation.

Secondary data include reports/documents (e.g. project document, annual, technical reports, monitoring report) and Records of Discussion (RODs) of the regular/special Project Steering Committee (PSC) meetings for validation and cross-examination of project results and outcomes.

Structured and semi-structured surveys with project implementers and stakeholders through Key Informant Interview (KII) was conducted which generally comprised of project team from the Department of Forests and Park Services (DoFPS) of Bhutan: National Focal Point (NFP), Project Manager and one project coordinator of the Forest Department of Bhutan. The names of respondents are listed in **Annex-4**. Data collection and analysis were done sequentially involving three (3) phases:

Phase 1: Desk research by collecting and reviewing project related documents, such as the LogFrame and PIP matrix

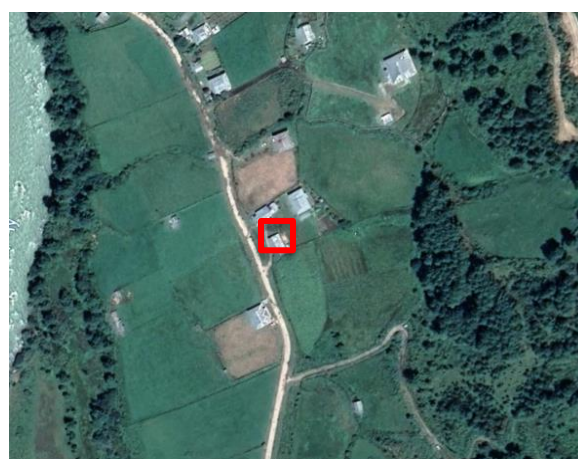
Phase 2: With reference to the outcome of the desk research, the second phase involved the administration of KII and project site visits. A questionnaire survey (**Annex-1**) was designed covering all aspects of evaluation criteria and evaluation questions.

Phase 3: The evaluation team also conducted on-site validation through visiting two project sites (

Figure 2 and Figure 4) and interviewed chiefs of the established enterprises and leaders of the community forests. Results from these interviews and questionnaire were used to refine the report, focusing on impacts, effectiveness, best practices, efficiency, innovation, lessons learned, and sustainability. The report drew on the information collected to formulate lessons learned and suggestions for future projects/programs that will increase efficiencies. Cross validation of information gathered from secondary sources, KII and site observation.



Site 1: Drakey Chinto NWFP Group in Paro



Site 2: Tamshing CFMG in Bumthang

Figure 2. Visited sites

2.3 Terms of reference for the evaluation team

The mid-term evaluation assessed the progress, relevance, effectiveness, efficiency, and impact of the project thus far and shall provide recommendations for the remaining project implementation. The following are the Terms of Reference (ToR) of the Evaluation Team:

1. Project Evaluation Coordination
 - a. Lead and coordinate the mid-term evaluation.
 - b. Develop a meticulous evaluation plan involving both quantitative and qualitative methodologies, adhering to six key criteria: relevance, effectiveness, efficiency, impact sustainability, and coherence.
2. Project Analysis and Stakeholder Engagement
 - a. Review essential project documents and evaluate the on-site achievements according to the AFoCO M&E Guidelines.
 - b. Facilitate orientation and exit meetings with the Implementing Agency and other stakeholders to evaluate project progress and identify areas for improvement.
3. Data Collection and Analysis
 - a. Assess how well the project aligns with the initial proposal, the logical framework, and anticipated outcomes.
 - b. Gather supplementary materials such as photos, videos, and maps to support the evaluation.
4. Documentation and Submission
 - a. Identify best practices and lessons learned during the project.
 - b. Compile a comprehensive evaluation report, presenting findings, conclusions, and recommendations.
 - c. Complete and submit the evaluation report to both the Secretariat and the Assembly, and archive all pertinent data in the AFoCO's database.

By adhering to the above ToR, the evaluation team conducted a comprehensive mid-term evaluation, providing valuable insights and recommendations for optimizing the project's impact and success.

2.4 Research limitations

Interviewing all project participants was not possible due to distance/travel time between the project sites. Hence, interviews were done through a combination of on-site/face-to-face and by email. In the same way, the lack of allocated time for field visit of all plantations prevented the evaluators to have opportunity to get feedback from larger stakeholders' bases. Relatedly, language barrier or interpretation could also be a factor in these limitations.

Project evaluation largely relies on the review of progress reports submitted by IA. The lack of sufficient information in the project reports limit evaluators' ability to assess impacts over the medium term, which is critical for understanding the project's effects on policy, entrepreneurial development, climate change adaptation and landscape resilience over time.

3. Project Outline

The project titled "Sustainable Community-based Enterprise Development for Improved Rural Livelihood in Bhutan (2020-2025)" aims to foster Community Forestry (CF) and Non-Wood Forest Products (NWFP) industries by establishing community-based enterprises. It is set to start on the 1st of July, 2020, and conclude on the 31st of July, 2025, with a total budget of USD 1,400,000. This budget includes USD 1,000,000 from AFoCO and USD 400,000 from the national budget (covering salaries and travels). The executing agency for this project is the Forest Resources Planning and Management Division, Department of Forests and Park Services, under the Ministry of Energy and Natural Resources.

Its objectives are threefold: to develop alternative income sources for rural communities, to promote CF and NWFP industries, and to enhance knowledge and technology on climate change adaptation through sustainable forest management. The details of the project reveal that community-based forest management groups in Bhutan have significant potential to generate income from forest resources, but this potential remains largely untapped. The project aims to improve market systems by investing in these resources and creating innovative forest-based enterprises. It addresses the current situation where groups mostly sell raw forest products, resulting in lower benefits than if these products were finished.

The operational aspect of the project involves setting up forest-based enterprises and fostering skill development in areas such as value addition, product design, and branding. A crucial outcome by the project's conclusion is the establishment of robust networks among Community-Based Forest Management (CBFM) groups. These networks are envisioned to play a pivotal role in marketing, as well as in the exchange of information and experiences. The project places a strong emphasis on climate-smart adaptation activities, including the efficient utilization of timber and NWFP resources and the improved execution of management plans. It also addresses the need for domesticating and cultivating potential NWFPs to alleviate the pressure on wild resources.

The beneficiaries of this project extend beyond the primary focus on community-based organizations (CF and NWFP groups). A wider circle of stakeholders, including municipal bodies, schools, and various institutions, particularly those involved in Payment for Environmental Services (PES) schemes, are integral to the project's success. The target is set at engaging 120 CBFM groups, aiming to enhance their capacities for sustainable forest resource management and to uplift their livelihoods.

In terms of deliverables, the project has set forth clear expectations. These include the establishment of five community-based rural enterprises for forestry products, the initiation of alternative income-generating activities, capacity enhancement of community members and forestry staff, skill development in both wood and non-wood forest products, and the amplification of knowledge and technology focused on climate change adaptation approaches.

4. Evaluation Results

4.1 Project achievements

The project outputs, as outlined in the Objectively Verifiable Indicators (OVIs) within the Project's LogFrame, have been achieved, albeit with some delays attributable to COVID-19 lockdowns, particularly in the execution of trainings and exposure visits. Notable achievements of the project include the procurement of essential equipment for the National Training Workshop on Wood Product Development/Improvement (NTWP) and the successful implementation of training programs aimed at enhancing the capacity to manage this equipment effectively. It is also worth mentioning that a few activities will not be carried out, resulting in corresponding cost savings for the project.

Most of the proposed outputs are anticipated to be realized by the conclusion of 2024 (**Table 1**). It's important to highlight that while Outputs and OVIs within the Log Frame may undergo revisions based on suggestions from monitoring and evaluation teams, the project activities linked to targets and accomplishments are succinctly presented in the table below:

Table 1. Summary of mid-term outputs and achievements

Planned Outputs	Achievements
Output 1. Small scale community based rural enterprise for forest products established/identified	<ul style="list-style-type: none"> • Number of project proposals were received from existing community forests in 12 districts on enterprise establishment/operationalization. • More than seven (instead of 5 planned) consultation meetings were conducted. • Set of equipment were purchased and some installed and started operationalization.
Output 2. Increase alternative income generating activities (PES, Ecotourism, etc.)	<ul style="list-style-type: none"> • Due to the recent government reform/restructuring, PES has been moved to another department (Department of Water). Thus, budget allocated for PES groups will be allocated for other activities/groups • IA has conducted number of meetings and will conduct more throughout the project within allocated budget
Output 3. Enhance capacity of communities and forestry staffs to manage resources sustainably	<ul style="list-style-type: none"> • One training was conducted on operation & maintenance of equipment through one training • 3 trainings were conducted on silviculture
Output 4. Develop skills to develop new forest based products	<ul style="list-style-type: none"> • 2 trainings were conducted on wood product development • Due to COVID-19 restrictions, many trainings could not be conducted. However, it is planned to develop catch-up plan and implement all activities within the project period
Output 5. Enhance knowledge and technology on climate change adaptation approaches	<ul style="list-style-type: none"> • UWCIER is conducting studies on vulnerable communities and several consultations are conducted with CF and NWFP groups since August 2022. Documents are at final stage to be finalized • 2 field survey/assessment of species were conducted. • 4 nurseries were established and 1 is under establishment

4.2 Overall project performance by evaluation criteria

4.2.1 Relevance

The project is consistently relevant to national/sub-national contexts and priorities. Project outcomes are well matched with national policies and government programmes. These outcomes are consistent to varying degrees with national development plans. The project has also demonstrated relevance to the needs of enterprises with different capacities in diverse CFs and sub-national settings. The project supports a range of needs in organizational governance and strategic planning, advocacy, the development of entrepreneurial skills and product value chains, sustainable forest management, and access to services. The project combine support for several of these areas, with provisions for gender and youth inclusion.

More than 69 % of the population of Bhutan lives in the rural areas and dependent on agriculture, livestock and forest is an integral part of their living. Unemployment, especially youth unemployment and increasing rural-urban migration particularly young population are some of the challenges in the country.

The project is highly relevant globally, nationally and locally in regard to meeting Bhutan's commitments to the sustainable use of forests and biodiversity, and human development goals:

- Internationally – supporting Bhutan to increase forest cover since almost one and a half billion people depend directly on forest products for some portion of their livelihoods and household consumables – and thousands of tree species are instrumental to global health, shelter, fuel and incomes. The achievement of outcomes are connected to global Sustainable Development Goals (SDGs), particularly Goal 11, 13 and 15 directly and Goal 5, 8, and 1 indirectly.
- Regionally – the project design is consistent with the Strategic Objectives of AFoCO. Project also contribute to improve skills, capabilities, governance systems and policies to tap their full potential to meet present and future demand for forest-based products (Output 2 of the Priority 1). The project also contributed to the Priority 4, particularly Output 1, which address sustainable forest resources management through enhanced community-based forestry to reduce deforestation and forest degradation, the improvement of local income and productive function of the forest.
- Nationally – contributing to RGoB's 12th Five Year Plan objectives to increase the income and employment opportunities of the rural communities. This project also expected to contribute to the strategic interventions such sustainable forest management and improving the livelihoods of the rural communities. This project will build capacities of key stakeholders in implementing the project at the central, local governments and rural communities by the end of the project. The National Forest Policy of Bhutan 2011, supports establishment of community based forest management, it states “to empower rural communities manage their forests sustainably for socio-economic and environmental benefits, poverty reduction and to contribute to overall sustainable forest management at national.” And “strengthens the rights, responsibilities and capacities of local communities to access and sustainable use of NWFPs through institutionalization of cooperatives and management groups.”
- Locally – working with communities through the enterprise establishment to sustainably use forests while also providing opportunities for improved livelihoods to promote sustainable development. The Forest and Nature Conservation Act of Bhutan 1995 states that the group to which community forests have been transferred shall manage them for sustainable use.

4.2.2 Effectiveness

4.2.2.1 Analysis of Project Implementation Plan (PIP) Matrix¹

As of December 2022, the overall weighted performance stands at 55.5 %, falling short of the target rate of 67.7 %, despite achieving a total accomplishment rate of 82 %. Several factors have contributed to this performance gap. Firstly, restrictions on certain activities arose due to an organizational restructuring, impacting three out of thirteen sites, particularly those related to Payment for Environmental Services (PES), which will no longer fall under the purview of the Implementation Agency (IA). Secondly, limitations on overseas visits were imposed as per internal regulations (C.1.4: overseas training and C.1.5: participating in international workshops).

The delays stemming from the organizational restructuring primarily resulted from the postponed preparation of overall project activities. It was also noted that the IA encountered challenges in seeking government exemptions from these internal regulations for the project.

Anticipating and addressing all potential project risks during the implementation phase is a complex endeavor. Consequently, project revisions often become necessary mid-project, necessitating corresponding realignments of activities and budgets. Depending on the scale of these revisions, approval from the Project Steering Committee (PSC) and/or the Assembly may be required.

4.2.2.2 Staff Capacity

The project was implemented by one chief and one coordinator under the Department of Forests and Park Services without hiring dedicated staff for the project. It was observed that the government staff fully understood the project and that its own capabilities were being strengthened through the project, which is one of the most critical intentions of the AFoCO project.

However, it's worth mentioning that the project experienced some delays, extending by a few months, primarily due to the replacement of the project lead. This transition occurred in late 2022, and the responsibility for project-related tasks became an additional component of the staff's job description without any corresponding financial compensation from the project.

While the project-related staff possessed significant experience and management skills necessary for effective project execution, there was a notable need for specialized training in certain areas, particularly those that demanded expertise, such as value chain management.

4.2.3 Efficiency

In regard to the use of resources, questions related to efficiency were asked of the Project Team Members. Major disruptions have been avoided, and over 100 % of planned disbursements were delivered during 2020–2022 from the Secretariat. However, implementation was often delayed on the ground as a result of quarantine measures and travel restrictions from COVID-19. Particularly, the conduct of training and exposure visits were postponed. In spite, the evaluators would like to point out that the total project budget (both from AFoCO and Bhutan) may be adjusted since it was evaluated that the CF members contributed to the project 40-60 %, particularly in construction/infrastructure development (contribution as labour).

Moderate to highly satisfactory progress is being achieved towards the four outcomes. Highly

¹ For AFoCO-funded projects, the Project Implementation Plan (PIP) Matrix is used to provide regular and timely monitoring of project implementation based on the objectively verifiable Indicators (OVIs) and to identify corrective actions required for effective and efficient implementation of the project. OVIs are set out for project activities to verify the activities under outputs, and the performance indicators are developed to measure the OVIs quantitatively. Based on these, criteria weight (CW) is generated as the ratio of the budget component of activity to the total project budget and provided for calculating the Total Weighted Physical Target (TWPT) and Total Weighted Physical Accomplishment (TWPA).

satisfactory progress is being made in small-scale community-based rural enterprise establishment for forest products (Outcome 1). Satisfactory progress has been achieved in enhancing the capacity of communities and forestry staff to manage resources sustainably (Outcome 3). Progress towards the development of skills for new forest-based product development under the fourth outcome is moderately satisfactory, but there are challenges in conducting training. The achievement rating for this outcome is largely attributable to the support given for responding to the COVID-19 pandemic. Moderately satisfactory progress is noted in increasing alternative income-generating activities under Outcome 2, stemming in part from the reforms happening in Bhutan (e.g., PES management is not clear to which department belongs).

The project is not top-heavy: management costs represented 20 percent of total budget expenditures in 2020, and 63 percent of the budget was allocated to LOA grants for producer organizations. Over 90 percent of the project's planned disbursements were made in 2019 and 2020. However, actual grant expenditures by IA are lower in cases where implementation was slower due to the COVID-19 pandemic.

The project structure is efficient notwithstanding the small staff and large workloads. However, it appeared that efficiency might be improved with better project control by the project staff. Since project sites are scattered in more than 12 districts, managing all sites is time-consuming for a limited staff of the IA. In Bhutan, it is not allowed to hire additional staff for the project.

The particular financial aspect of concern under the evaluation is the capacity of a project to deliver an expected financial return to the project beneficiaries. Under this criterion, the project addresses alternative livelihoods which is expected to be self-sustaining, with the realization of increased cash flows to a forest community. Given that, the determination of the ability of communities to develop sustained financial returns is uncertain and requires longer-term evaluation.

4.2.4 Impact

4.2.4.1 Policy Impact

The project assessed by the evaluation team interpreted training to be conducted for government officials on governance will support to policy enabling and institutional strengthening. To evaluate the full impact of the project on the policy, more time may be required. Notwithstanding, Bhutan responded to national policy implementation. If Bhutan promotes the project continuously, the project contributes towards a more productive forest sector and thereby improves livelihood, and even food security.

Community Forest Resource Management (CBFRM) is a key component of Bhutan's forest policy which requires a lot of well-targeted work and support to make CF and NWFP a success in terms of their expected outcomes and to ensure the sustenance of the CFMGs. The project directly contributes to the policy through the support of CFs in the sustainable use and production of NWFPs.

4.2.4.2 Social Impact

The project contributed to the poverty alleviation and economy of local communities through livelihood improvement. In addition to direct, cash, and non-cash economic contributions, the project also has an unintended impact through the provision of substantial levels of employment. Yet, in order to maximize the impact, the lack of systematic data needs to be addressed in estimating closely how many people are employed in the established enterprises. The economic benefit of the project was also recognized and valued by the interviewed local farmers. With respect to livelihood outcomes, the participation in the project and the interventions themselves had a positive impact on the appliance and livelihood.

The foreseen long-term impacts of the project will be contributing to employment generation and providing additional sources of income to the rural people through CBFRM enterprises. Further, it will strengthen the marketing of forest products, networking, and capacity building, which will support the rural communities to increase their income from CBFRM on a sustainable basis.

4.2.5 Sustainability

The likelihood of sustainability is difficult to assess at the present stage. The sustainability of project support interventions is influenced by contexts, timelines and externalities such as commodity price fluctuation, interest of CF members and enabling legislation. The fundamental sustainability issue is to sustain and expand processes that were supported by the project. From this perspective, improved governance and entrepreneurship under the first three outcomes become key drivers of sustainability. In several countries, project proposals are being developed to replicate approaches through other donors and agencies; their approval may enhance the likelihood of sustainability.

4.2.5.1 Mechanisms for continued support beyond project duration

One indication of the sustainability of the project is the contribution from the communities. The document review and survey responses revealed that the Government is interested in establishing small-scale enterprises to improve the livelihood of rural communities. To help improve the likelihood of sustaining the positive results of the projects, it would be useful to share project success stories with other districts.

4.2.5.2 Gender

Taking into account the nature of the project, the evaluation did not consider a gender-sensitive approach. Responsiveness to gender and youth is over-arching. There are indications of female members in community forest members in several enterprises (although the project's role is not always clear in this regard). There is comparatively less progress towards gender-equitable training under the third and fourth outcomes. This is influenced in part by traditional gender attitudes, which will require more attention. In addition, youth participation has been high, due to the influence of school drop-offs. There is potential to engage youth in business planning, marketing and communications activities that are closer to their aspirations.

4.2.5.3 Environmental sustainability

Three CFs have planted a total of 7.5 ha and have a seedling survival rate of more than 70 % which directly and indirectly impacts the environment. This support to implement some of the main priorities of the CBFRM groups directly contributes to RGoB's priority of maintaining a healthy ecosystem.

Based on the document review, in order to understand the status and protect NWFP as well as identify them, the project released a pictorial guide. Hence, documentation of non-wood forest products and medicinal plants used by local healers for traditional healing in the project areas were also documented and published in 2 volumes and used as a pictorial guide for the identification and protection of species.

4.3 Best practices and lessons learned

AFoCO is supporting 5-years project “**Sustainable Community-based Enterprise Development for Improved Rural Livelihood in Bhutan**” between July 2020 and July 2025 with a total budget of USD 1,400,000 of which USD 1,000,000 is planned to be provided by AFoCO to increase commercialization of wood and non-wood goods & services from the CBFRM groups which need to be developed and promoted. The Government of Bhutan has planned to contribute a total of USD 400,000 in form of in-kind contribution through provision of salaries and travel fees. Main implementing institution is the Forest Resources Planning and Management Division, Department of Forests and Park Services.

4.3.1 Establishment of community enterprises

The establishment of community enterprises is the biggest innovative approach brought by the project whereas communities contribute to the project in cash and in-kind. Efficient use of timber & NWFP resources through improved vulnerable communities' capacity and management plan implementation

are climate-smart adaptation activities. This innovative approach which was not mentioned in the project proposal, not only just establishes community-based enterprises, but also encourages community members to work hard in order to benefit from their own investment. This has also a transformational impact on the environment through sustainably managing natural resources.

Local innovations through establishing community-based enterprises have created more opportunities for families to improve their lives, both economically and socially. Thus, also expected to improve market systems and improve the quality of products by the end of the project.

4.3.2 Improvement of the raw materials through the provision of equipment for value-adding

Evaluated communities have been producing raw materials (e.g., incense powder, timber, etc.) and selling them in the market. The raw materials sold to wholesalers are processed at the factory and supplied to the market. However, the project supported improvement of the raw materials through the provision of equipment for value-adding. For instance, instead of selling wood only, the communities are making panels for construction as well and equipment for furniture making was purchased and expected to be operationalized soon. For one (1) month training of seven (7) trainers was conducted in Bumthang to teach basic furniture-making skills. Those trained trainers will train other community members.

There is a significant potential to generate employment and income in community-based forestry groups from production, processing, and marketing. The establishment of community-based forest enterprises, strengthening the group governance, and promoting the inclusion of women & women entrepreneurs will ultimately contribute to equitable socio-economic development and empowerment of rural communities. For example, CF groups distribute benefits from the project through saving in a special account where funds can be used for several purposes including loans for CF group members if needed (during marriage, loss of family members, etc.).

4.3.3 Lessons Learned

The project provided an assessment of lessons learned. While the project generally had a positive performance in terms of installation of equipment for NWFP and wood processing, a number of trainings could not be conducted due to COVID-19 restrictions. Therefore, the project learned that to ensure continued implementation and enhance effectiveness, if possible, online training should be considered as a mitigation measure. The project also does not hire additional staff for the project, the administrative burden on the forest authorities can become too high with a risk of inaccuracies or lack of information and insufficient management. This requires adequate capacity analysis before the project starts and possibly more administrative oversight from project IAs.



Site 1: Drakey Chinto NWFP Group's incense production machine



Site 2: Tamshing CFMG's wood-based enterprise

Figure 3. Visited sites

5. Conclusion and Recommendations²

This project holds a unique position as it has the potential to influence global forestry narratives and practices, extending its impact beyond local achievements. It significantly contributes to the broader discourse on forestry, and its intersection with agriculture, livelihoods, and the environment at a global level.

The project has showcased a commendable level of cost-effectiveness, particularly when not factoring in activities affected by COVID-19 restrictions. It has made moderately to satisfactory progress toward its planned outcomes, demonstrating a capacity to achieve results even with limited resources.

The project's implementation and budget delivery exhibit overall efficiency and are spearheaded by a competent and dedicated team. However, there are areas for improvement. The following short-term recommendations that are feasible with the IA's present scale of implementation and resources were recommended for consideration and discussion during the immediate PSC Meeting.

Recommendation 1. It is recommended that the IA should improve/revise the project Log Frame as well as activities.

According to Section 4.2.1 of the Project M&E Guidelines, the mid-term project evaluation can suggest revision of the project document including cost-cutting, reduction/addition of project outputs, activities and components, and re-allocation of budget across activities. Referring the observations derived from the project monitoring and mid-term evaluation, it is recommended to improve/revise the project as follows:

- The project covers 12 districts of the country. However, the project activities/components are different across the districts. The evaluation team recommended IA to provide information on specific activities for each enterprise (9 enterprises) within the districts.
- At the moment, the project output level is divided by enterprise commodities (NWFP/Wood based, PES, and Ecotourism). The evaluation team agreed the monitoring team's observation that the project activities under output 1 (NWFP/Wood based) and output 2 (PES and Ecotourism) are simply repeated, and an activity D.2.1 (procurement of timber and NWFP processing and packing equipment) needs to be transferred to 'Infrastructure' under output 1 and 2. Thus, the evaluation team proposes to re-arrange the project outputs and activities by combining output 1 and 2, and transfer D.2.1 under the output 1 of the 'Infrastructure'. Output 3 (enhance capacity of communities and forestry staffs to manage resources sustainably) and output 4 (develop skills to develop new forest-based products) were also redundant. The evaluation team suggests combining output 3 and 4 or focusing on the capacity building for government/its officials for output 3 and target community's technical skill improvement for output 4.
- The current project document states that USD 0.4 M out of USD 1.4 M of the total project budget is a contribution to Bhutan as salaries/travel costs for government officials. The evaluation team found the community's contribution was not counted in the project document. For example, about 40~50 % of the construction cost (labour contribution) was shared by the communities. Thus, it would be necessary to re-estimate Bhutan's contribution for both in-kind and in-cash from governments/communities. This will have a positive effect on the final project evaluation and overall impact of the project as the Secretariat is striving to diversity its project funding.

² The recommendations have been duly noted and addressed by the IA as follow-up actions of the 3rd PSC meeting held on 15 March 2023. The IA will update the progress at the upcoming 4th PSC meeting.

- A considerable volume of case studies, bulletins, publications and knowledge materials is recommended to be generated and printed. However, those are not allowed to print in Bhutan in order adequately reach the stakeholder groups that are strategically important to move the project forward. Hence, such case study publications should be uploaded on the websites and printed in Korea for a wider promotion including donors.

Recommendation 2. The evaluation team suggested to develop catch-up plan to implement all activities within the planned project period.

As of December 2022, overall weighted performance is 55.5 % as against the target rate of 67.7 % (total accomplishment is 82 %). Also, out of the total AFoCO contribution of USD 1,000,000, the Secretariat has released to the project the total amount of USD 668,500 and the actual disbursement and expenditures are much lower.

- The IA confirmed that the project implementation was being delayed mainly due to the restrictions due to COVID-19. If the current rate of implementation continues, a time slip of about one (1) year is forecasted.
 - Failure to carry out on schedule certain activities at the early part of the project period can cause a chain reaction of delays because many of the project activities are interacted. The plan should consider not only catch-up delayed activities but fasten the implementation to complete project as planned. The evaluation team further suggests increasing the quantity of project activity if carry-over is expected based on previous years' experience. For example, inviting more participants for capacity building could prevent the expected carry-over in the remaining years.
 - Regarding Activities C.1.4 (overseas training) and C.1.5 (participating in international workshops), the evaluation team found that oversea travel related activities will not be allowed on administrative/financial processing in the country. Thus, Bhutan and the evaluation team agreed that the amount for C.1.4 and C.1.5 would not be remitted to Bhutan but would be paid directly to the implementing agencies or attendees by the Secretariat. Overseas training has been proposed to be conducted in Korea for government officials and in Thailand for communities from 2023, which will be discussed and confirmed accordingly. For the international workshop in 2023, attending AFoCO Assembly from project implementing agency or Gangwon Forestry Exhibition 2023 was proposed for consideration.
- - Few activities will not be carried out and corresponding amounts will be savings for the project, those are as follows:
 - - B.1. PES (equivalent to USD 43,500)
 - - The evaluation team recommends dropping this activity
 - - E.1.3. and E.2.4. Printing and Publication (equivalent to USD 11,000)
 - - The evaluation team recommends producing quality publications to promote the project
 - - Savings from Completed Activities
 - - The estimated savings by 2022 need to be updated at the upcoming PSC meeting. The evaluation team highly proposes the production of a video (documentary production, etc.) that can promote the project within AFoCO member countries and with other regions.

Recommendation 3. There is a need for Bhutan to develop a value-chain development strategy that is diverse, including domestic, regional and global markets and a wide variety of activities for all ages, interests and income levels.

Recommendation 4. In order to mitigate against the barriers of knowledge transmission and continued adoption of project innovations, it is recommended to have demonstration sites and involve youth who can disseminate information among their peers and promote continuity of the practices as their parents age and establishing sharing mechanisms for project technologies as well as associated knowledge within community groups/enterprises.

Recommendation 5. The project may also consider exploring market linkages and facilitation of collaboration between producer groups, private sectors and other market actors.

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Annex 1. Questionnaire Survey for Country Project Leaders and Stakeholders

RESPONDENT INFORMATION

Full Name	
Position	
Role in the project	

1. RELEVANCE

1.1 List any national policy/regulations on community-based forest management in Bhutan, and provide the related documents as an attachment/link.

1.2 List any current relevant national forest development (inc. livelihood improvement) plans and programs and provide the related documents as an attachment/link.

1.3 Advise on ways to enhance relevance in the future

1.4 Is the project relevant with respect to community-based forest management and livelihood improvement issues? Is the project affect the ability of these households to manage/conservate better forests?

2. EFFECTIVENESS

2.1 Do you agree that the project interventions were good enough (in terms of technical and scientific intrinsic) to implement the project successfully?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.2 If you indicated that you 'neither agree nor disagree', 'disagree', or 'strongly disagree' on question 2.1, what solution can you suggest?

2.3 List two (2) or more best activities that contributing to the achievement of project outcome/objectives and explain why you think so (100-200 words).

2.4 List any activities that is not or will not contribute much to achieve the project outcome/objectives and explain why you think so (100-200 words).

2.5 Do you agree that the project officers/staff have enough capability (competency, equipment, and time) to implement the project?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.6 Provide any suggestions to improve the capability of project officers (50-100 words)

2.7 Explain the factors that facilitating the achievement of the project objectives and outputs. Specific examples/situations may be provided to support your explanations (200-300 words).

2.8 Explain the factors that hindering the achievement of project objectives and outputs. Specific examples/situations may be provided to support your explanations (200-300 words).

3. IMPACT

3.1. Identify positive effect(s) in the social, environmental, policy, and economic contexts through the project (200-300 words)

3.2. Was there any specific impact on women?

3.3. To what extent is the level of innovation of activities and outputs obtained through, the project in institutions and policies evaluate?

4. SUSTAINABILITY

4.1. Identify any financial support (plan/project/program) that is planned to continue after the donor funding is completed, and specify the scale of the support.

4.2. List any similar activity/initiative supported in your country (provide relevant documents as attachments)

4.3. Explain how the communities and other stakeholders involved in the project will continue/sustain the project through their own capacities.

4.4. Advice on ways to enhance the sustainability of this kind of project in the future.

5. Lessons learned and best practices:

5.1. Please list the three most important lessons that you may have learned from undertaking this project.

5.2. Please indicate the best practices so far from this project.

Thank you

Survey questions for the project team leader

6. EFFICIENCY

- 6.1. Please indicate any items or activities that were hindered as a result of excessive cost or insufficient funds, and as a result could not be completed, or could have been done with an increase in funding.
- 6.2. Identify the most cost-efficient activities through this project, and explain why (200-300 words)
- 6.3. Provide a list of the major items purchased through the project. Who now owns the equipment?
- 6.4. How were the financial transfers done? Were the transfers made efficiently? (Was there a time delay, were the transfers easy to do?)
- 6.5. How were the households selected to work on this project? Did the households work well together?
- 6.6. What were the main problems that you encountered, and how did you overcome these problems?
- 6.7. Advise on ways to improve synergy to implement projects with communities (200-300 words)
- 6.8. If AFoCO continues working with small-scale forest development, can you suggest ideas to make to work more efficient and effective?
- 6.9. Advise on ways to enhance project efficiency in the future.

Annex 2. Detailed Assessment of the Project

Planned Target/Indicators	Summary of assessment
Output 1. Output 1. Small scale community based rural enterprise for forest products established/identified	
<ul style="list-style-type: none"> Support establishment of NWFP/ Wood based enterprise at local level Prepare business plan 	<p><u>Outcomes/Achievements:</u></p> <ul style="list-style-type: none"> Several NWFP, CF and PES were identified. Series of consultation meetings were conducted with stakeholders Training on business plan development was conducted for 23 participants. Meeting documents will be provided to the Secretariat <p><u>Comments:</u></p> <ul style="list-style-type: none"> The project document said that the groups will be established. However, it was found that groups were already established, but only selected by IA based on submitted project ideas from those groups Consultation meetings cannot be measured by number since IA conducted more meetings than planned within the planned budget. Meeting documents will be provided to the Secretariat Management plan of identified groups will be shared with the Secretariat Some CFs requested to construct storage of the products or upon availability of funds whereas CFs can contribute 50 % of cost-sharing
Output 2. Increase alternative income generating activities (PES, Ecotourism, etc.)	
<ul style="list-style-type: none"> PES schemes initiated in CF Community based ecotourism identified and operationalized in CFs 	<p><u>Outcomes/Achievements:</u></p> <ul style="list-style-type: none"> Two PES based enterprises were identified in Gasa district. Series of consultation meetings were conducted with NWFP and CFMG groups of Drakey Chinto, Donikha and Tamshing villages More than 15 ha of plantation was established CF-based eco-tourism site operationalized at Gasa district and another has started construction <p><u>Comments:</u></p> <ul style="list-style-type: none"> Under the new government reform, PES will be managed by another division. Hence, this activity will be changed to eco-tourism or other alternative activity which will be proposed during the PSC Meeting in early March.
Output 3. Enhance capacity of communities and forestry staffs to manage resources sustainably	
<ul style="list-style-type: none"> Community members and forestry staffs trained on sustainable management of resources 	<p><u>Outcomes/Achievements:</u></p> <ul style="list-style-type: none"> Field survey assessments were conducted for several medical herbs Documentation of NWFP is under the final stage to be finalized

Planned Target/Indicators	Summary of assessment
	<p><u>Comments:</u></p> <ul style="list-style-type: none"> • This output has the most activities which could not be conducted and were carried-over. Catch-up plan should be well developed and presented during the PSC meeting • Since the government officials are not allowed to conduct exposure visits abroad by themselves, it was suggested to organize exposure meetings by the Secretariat for not more than 4 government officials (1 time) in Korea and not more than 10 CF members (2 times) potentially in Thailand.
Output 4. Develop skills to develop new forest based products	
<ul style="list-style-type: none"> • CF members trained in wood product development • NWFP products developed and market linkages established • Community members trained on operation and maintenance of equipment 	<p><u>Outcomes/Achievements:</u></p> <ul style="list-style-type: none"> • Three trainings were conducted for more than 20 participants throughout 12 districts • Number of buyer and supplier meetings were conducted <p><u>Comments:</u></p> <ul style="list-style-type: none"> • This output is similar with Output 3, hence it was suggested to merge Output 3 and 4 during the monitoring and evaluation mission. This will be discussed during the PSC meeting
Output 5. Enhance knowledge and technology on climate change adaptation approaches	
<ul style="list-style-type: none"> • Vulnerable communities identified, indigenous adaptation practices documented and climate smart adaptation measures initiated • Important/ vulnerable timber and non-wood species documented 	<p><u>Outcomes/Achievements:</u></p> <ul style="list-style-type: none"> • Field survey assessments were conducted for several medical herbs • Documentation of NWFP is under the final stage to be finalized • Nursery development initiated and seedlings will be distributed to the farmers • Cane and seabukthorn production and distribution will be conducted in 2023 <p><u>Comments:</u></p> <ul style="list-style-type: none"> • The project activities were conducted with some delays and savings. It was suggested to develop good quality publications in Bhutan and in Korea to promote the success stories/case studies of the project. Since it is not allowed to print a lot in Bhutan (not more than 10), most publications will be done in Korea • The evaluation team also suggested to consider development of video about the project for the savings from the project. These should further be discussed during the PSC and project documents should be revised accordingly

Annex 3. List of Respondents

DEPARTMENT OF FORESTS AND PARK SERVICES, BHUTAN

1. **Mr. Lobzang Dorji**
NFP of AFoCO,
Director, Department of Forests and Park Services (DoFPS) of Bhutan
2. **Mr. Karma Jigme Temphe**
Chief, Social Forestry and Extension Division, DoFPS
3. **Mr. Sonam Tobgay**
Chief, Forest Resources Planning and Management Division, DoFPS
4. **Mr. Karma Dorji**
AFoCO Project Focal in Bumthang, Bhutan
5. **Mr. Lhab Tshering**
Project Coordinator
Forest Resources Planning and Management Division, DoFPS