
DECENTRALIZATION AND LOCAL GOVERNANCE PROJECT

Project Document for Phase I, 01.08.2018 to 31.12.2022



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List of Abbreviations

ACG	Annual Capital Grant
DLG	Department of Local Governance
DT	Dzongkhag Tshogdu (District Council)
FYP	Five Year Plan
GDG	Gewog Development Grant
GNHC	Gross National Happiness Commission
GT	Gewog Tshogde (County Council)
LDD	Local Development Division
LGA	Local Government Act
MoF	Ministry of Finance
MoHCA	Ministry of Home and Cultural Affairs
PPD	Policy and Planning Division
ProDoc	Project Document
RCSC	Royal Civil Service Commission
RGoB	Royal Government of Bhutan

1. Synopsis

Phase Details				
Name of Project	Decentralization and Local Governance Project	Country	Bhutan	
Phase Name	Donor Name	Contract Start (year/month)	Contract End (year/month)	
Phase I	Helvetas	2018/08	2022/12	
Working Area	7 - GOP - Governance and Peace			
Working Field	71 - LDG - Local Democratic Governance			
DAC Category	151 - Government & Civil Society General			
Project Funding				
Project Phases	Phase I	Phase II	Phase III	Phase IV
Start (year/month)	2018/08			
End (year/month)	2022/12			
Phase Budget in CHF	1,150,000			
Contribution per donor(s)				
Helvetas	1,150,000			
Project Profile				
Short description of project, primary stakeholders and project logic (Impact Hypothesis/Results Chain)	<p>Citizens will experience better quality of life when (a) citizens are empowered to genuinely engage in local decision-making processes and in local monitoring, which will lead to better performance of Local Governments, (b) Local Government, the department of local governance and other local partners have clarity on respective institutional roles and responsibilities and coordinate among themselves to effectively support the implementation of local governance reforms, and (c) relevant national policies and systems are in place and conducive for local development and citizen engagement.</p> <p>For this to be achieved, an engagement at all levels – macro, meso and micro – right from policy framing to better inter agency and inter Gewog coordination to more citizen responsive, transparent, accountable and inclusive local governance needs to be invested in. The primary stakeholders are youth and women in eight partner Gewogs in four Dzongkhags in Bhutan.</p>			
Impact (Development objective / overall goal)	Citizens experience better quality of life as Local Governments in Bhutan gain capacities and implement citizen responsive, inclusive and accountable local governance.			
	Narrative Description	Main Indicators (including important Performance Indicators)		
Outcome 1	Local governance & decentralisation policies and strategies are conducive for local development and citizen engagement	Policy document leads to at least 2 initiatives to strengthen decentralized local development Key priorities in policy document reflected in annual performance targets of DLG		
Outcome 2 (if any)	Intergovernmental coordination at the Dzongkhag level is effective and supports the implementation of local governance reforms in key priority areas	Effective and functional intergovernmental coordination platforms and procedures instituted in the four partner Dzongkhags Experiences documented and shared with other projects for uptake		
Outcome 3 (if any)	Citizens, with specific attention to women and youth, engage actively in planning, implementation, monitoring and reporting on local development	Effective protocols for citizen engagement in place Tools and approaches for inclusive and participatory planning and implementation institutionalised in regular local development processes		
Primary Stakeholders, Target Group(s) and System Partners	Women and youth (15-24) in the partner Gewogs and Dzongkhags are the primary stakeholders. Local Government, Dzongkhag and Gewog Dzongkhags and community groups are the target groups while the Department of Local Governance/Ministry of Home and Cultural Affairs, the Gross National Happiness Commission Secretariat, and the Ministry of Finance are system partners			
Project area, main location	The project will focus on four Dzongkhags: Tashigang (east), Tsirang (south), Trongsa (central) and Haa (West).			
Project Implementation				
Main implementing partners	The Department of Local Governance, Ministry of Home and Cultural Affairs, Local Governments, and Dzongkhag and Gewog Dzongkhags will be the main implementing partners			
Project Set-up	A Project Manager from the Department of Local Governance supported by a Project Advisor will form the project implementation unit. They will be guided by a Project Steering Committee consisting of members from relevant government agencies, Local Government, and Helvetas.			
Project staff	Project Manager (government employee), a Project Advisor (contracted by the project), and a focal person from Helvetas.			
Donors	Name of organisation, contact person, address, phone, e-mail			
Helvetas	Helvetas			

2. Context and project idea

Major reforms in local governance have taken place in Bhutan. These include the establishment of Local Governments at the Dzongkhag and Gewog levels, development of rules and regulations for their functioning, and conducting a whole government review¹ which raised core governance issues relating to coordination, quality of citizen services, and accountability. To prepare for transition to a democracy within a decentralized context, the Department of Local Governance was re-established under the Ministry of Home and Cultural Affairs. This Department is responsible for coordinating local governance programs and issues, strengthening administrative and management systems at the national and local levels for effective functioning of Local Government, and capacity building. An umbrella Local Government Act (LGA) was enacted in 2009 to encompass all past regulations and acts pertaining to Local Governments, including municipalities. This Act and resulting rules and regulations are the main legal framework that outlines the authority and responsibilities of Local Governments. In accordance with this act, certain degree of financial resources, personnel, and authority and responsibilities have been decentralized to Local Governments. On the citizen engagement side, the LGA provides for direct participation of people in planning and managing their socio-economic development. Since 2002, the drafting of the country's five-year plans starts from Gewogs within parameters defined by the central government.

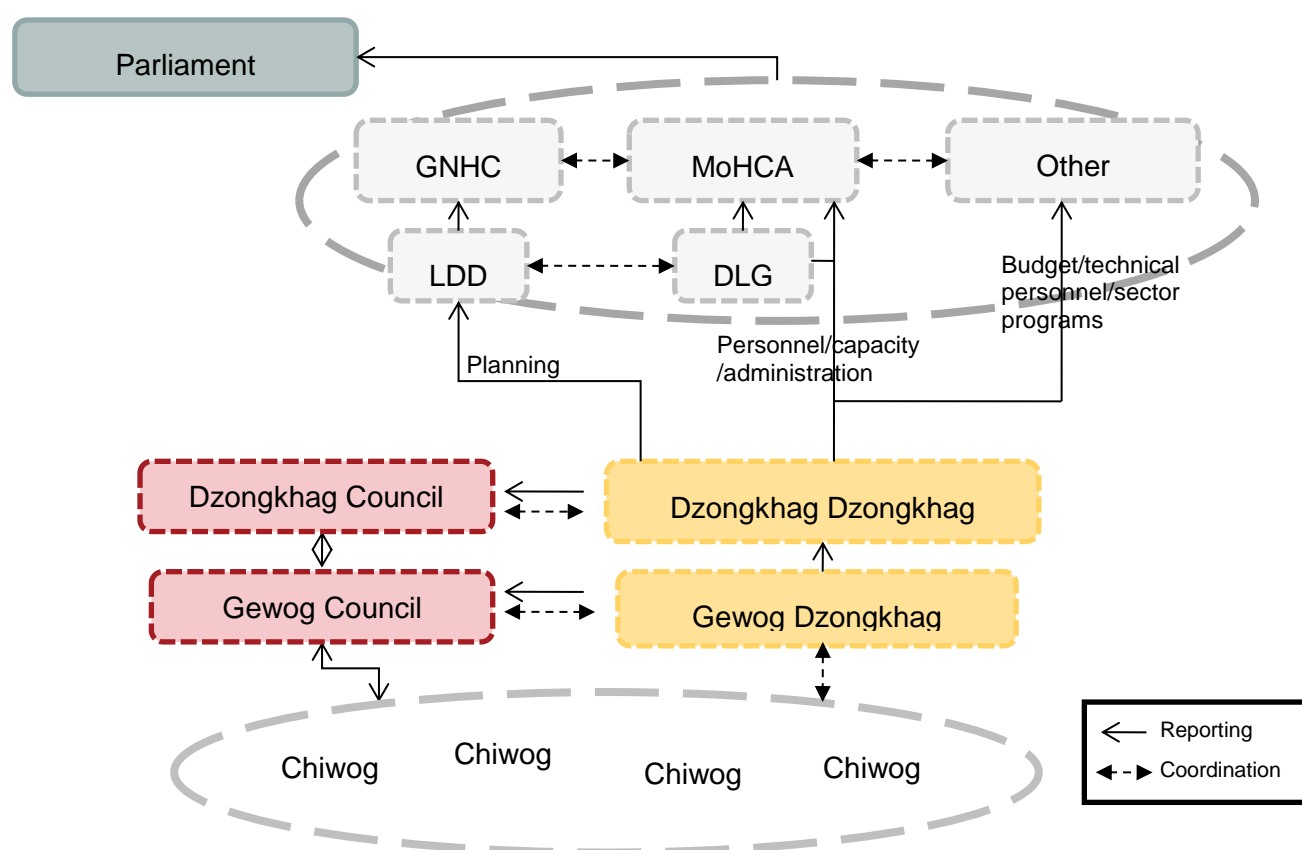


Figure 1: Local governance system in Bhutan

The 12th five year plan (July 2018 - June 2023) of Bhutan is under preparation and will provide the socio-economic development frame for the next five years. The overall objective of the plan is a “just, harmonious and sustainable society through enhanced decentralization.” Within this framework, there are 16 national level results identified, of which two are directly relevant for governance: i) Democracy and decentralization strengthened; and ii) Gender equality promoted, women and girls empowered. It is

¹Good Governance Plus Review, 2005, RGoB

expected that financial resources going to Dzongkhags and Gewogs will be almost doubled compared to the last plan.

A broad comparison of local governance in Bhutan against the principles of good governance is presented in the table below:

Good Governance Principles	Parameters	Assessment
Effectiveness and Efficiency	<ul style="list-style-type: none"> • Available human and financial resources • Utilization of annual capital grant/Gewog development grant and provision of services • LG decision making processes 	medium
Participation	<ul style="list-style-type: none"> • Planning and monitoring processes • CCPs • Regularity of Zomdus • GT/DT sessions 	medium-high
Transparency	<ul style="list-style-type: none"> • Access to information • Quality of communication and availed information • LG communication processes • Public notice boards 	medium
Accountability	<ul style="list-style-type: none"> • Complaints and redressal mechanisms • Social accountability processes • LG feedback and performance management systems • Expenditure management systems 	low-medium
Equity	<ul style="list-style-type: none"> • Earmarked development efforts for women and youth • Inclusion of women, youth & vulnerable persons in LG process • Equal access of vulnerable persons to public services • Women's leadership in LG 	medium

Table2: Assessment of LG adherence to Good Governance Principles. (Source: Local Governance Assessment Study, 2016)

Despite the progress made so far, implementation of the national level reforms shows various challenges in the current local governance system, which include:

Mixed local governance approaches: different interpretations of reforms have led to uncoordinated approaches and practices. This is also related to prevailing unclear division in roles and responsibilities, and multiple accountability lines and complexities.

New dimensions of local governance: As Bhutan experiences economic development, an accompanying trend is the urbanisation of rural areas. The pace of urbanization is posing challenges in the form of changing expectations of citizens from their Local Governments, faster and more comprehensive responses expected from the elected governments at the local level, different service standards and new development issues. With democratization, civil society groups and organizations are becoming more prominent. These organisations could play an important role in improving access to LG related information and decisions, in communicating feedback on policies or in strengthening the engagement of youth and women; however, their interface with Local Government and their role and potential engagement in local governance processes are rather weak. There is also a growing concern about the inability of the system to address the issue of youth unemployment, and the lack of participation of youth in local governance processes and issues.

Citizen engagement: a review of the past phase of support shows that stimulating citizen engagement in local governance remains a challenge. One of the prime reasons for this is the prevailing attitude of citizens

to see themselves as receivers of government patronage. Despite considerable reforms in the direction of empowering citizens, there is significant space of citizens to take a more substantial role in local development and service delivery. Although there is increasingly greater citizen participation in development planning and implementation, genuine public discourses in priority setting and issues, engagement in monitoring and accountability processes are limited. The participation of women and youth in local governance processes is also an area that needs greater attention.

Therefore, the project seeks to leverage on experience gained in the past years of partnership to allow for a comprehensive engagement at the macro, meso and micro levels. Engagement at the macro level is defined by the support and accompaniment in policy development and umbrella strategic plans and guidelines. These are complemented at the meso level through improved systems for better collaboration and coordination across Gewogs and between the Gewog Administration and Dzongkhag Administration to ensure consistency, coherence and sustainability. Finally, at the micro level engagement is defined by the investments made in demonstrating, documenting and advocating for more citizen centric, participatory, inclusive and accountable governance with emphasis on new dimensions of local governance that are becoming realities in Bhutan.

2.1. History of the project and lessons learned

The past engagement between the Department of Local Governance and Helvetas has centred around (a) increasing citizen participation; (b) improving feedback and coordination mechanisms among the various decentralization approaches and initiatives of agencies at the central and local levels; (c) capacity development of Local Government and central stakeholders; (d) strengthening systems and processes relevant for Local Government. These areas continue to have direct relevance to Bhutan's governance challenges especially regarding issues related to implementing national level democratization and decentralization reforms. The work supported in the past through the project as well as through the efforts of other donors has formed the basis for the national government to be more ambitious in its intent to further delegate and decentralise in the next five-year plan.

A second lesson from the past phase of implementation is that while capacity development efforts supported in the past have shown positive results, there is much more that needs to be done to improve the efficacy of the entire system. There needs to be a graduation from developing and giving trainings to a more institutionalised, sustainable response to capacity deficits in terms of strengthened systems and processes, strategies and guidelines that direct and guide reforms in a sustained manner. This is an area where the project can add value and enhance the sustainability of project interventions.

The experiences and credibility gained in the past years of engagement and the networks developed needs to now mature to an engagement with policy and institutionalisation of capacity building efforts for sustainability. Action on the recommendation of the national local governance assessment² for a decentralization policy and strategy is a strategic and opportune area of intervention;

Having capacitated citizens, elected representatives and Local Government functionaries, there is an emerging need to now progress to ensure strengthened means of accountability and transparency at the local level.

On the operational side, changes in project management and multiples responsibilities of key implementation stakeholders have affected the pace of implementation especially in the beginning of the project. The technical capacity for implementation can be enhanced through having a competent project staff to advise and support the project management. One clear lesson from the implementation of the previous phase is that an implementation phase of three years is far too short to introduce systemic changes and in future the programmes need to be more realistic about the time required to support reforms.

²Local Governance Assessment Study, 2016, National Council of Bhutan (funded by SDC and conducted by HELVETAS)

2.2. Situation in the project area

2.2.1. Socio-economic context

Bhutan has achieved impressive social sector targets with high access to education and health services. Income poverty has reduced, with 8.2% of the population living below the national poverty line and 1.5% living in extreme poverty. But these gains are uneven across Dzongkhags and between rural and urban areas, with a higher rate of poverty in eastern Dzongkhags and in rural areas. A trend today is the growth of urban centres and small urban towns where more than 50% of the population is projected to live by 2020. Poverty in these areas is on the rise, and a prominent challenge in these urban centres is the increasing number of unemployed youth (13.2%), which is four times higher than in rural areas.

Bhutan seeks to graduate from the group of Least Developed Countries (LDCs). Sustaining the quality of social services, and meeting its economic vulnerabilities are challenges for graduation. The country's economic vulnerabilities can be seen in its debt to GDP ratio (107% of GDP), high dependence on hydropower income and a private sector in its infancy.

2.2.2. Political context

The overall trend in governance has been towards greater democratization and decentralization. The long-term vision of Bhutan as articulated in its vision 2020 document³ foresees a governance system that will enlarge opportunities for people and their representatives to participate in decisions that affect them, and to strengthen Local Governments. This has been reinforced when the country transitioned to a Democratic Constitutional Monarchy in 2008. A written constitution was adopted by the first parliament which has clear mandates for Local Government, thereby enhancing the legitimacy of this institution. Citizen engagement in local decisions, and as members in groups, associations and civil society organizations is gaining prominence. Legal frameworks such as the civil society organization act, the Local Government act, the cooperatives act have supported organized and more formalised engagement of citizens. Decentralization of planning functions has also enabled citizens to participate in planning and prioritizing five-year development plans and activities through village meetings.

2.2.3. Environmental context

Climate change and related risks has become a pertinent topic since vulnerabilities to climate change related disasters such as glacial lake outburst floods, flash floods and landslides remain high concerns. Low level of preparedness and large-scale construction of infrastructure on mountainsides increase the risks of exposures to such disasters. Some studies predict decreasing hydrological flows in rivers in the coming years as well as seasonal changes, which will have a negative impact on the electricity generation, an important economic sector in the country. Prevention and risks management are generally carried out on an ad-hoc basis. To make assessments, information and responses more systematic, agencies and committees such as the National Disaster Management Authority, the Department of Disaster Management and Department of Hydromet services have initiated programs to mainstream climate change and disaster risk reduction strategies into sector plans, developed protocols for trans-boundary risk information sharing with other south Asian countries, developed legal frameworks such as the Disaster Management Act. Dzongkhag level disaster management committees and focal persons have also been formed. There has been high priority placed on environmental conservation, which has contributed to a high forest cover and protected areas. An effect has been issues of human-wildlife conflict which has been aggravated in a few places by rural-urban migration and fallow land turning into forests. The government has pledged to remain carbon neutral with emissions not exceeding carbon sequestration by forests.

³Bhutan 2020: A vision for Peace, Prosperity and Happiness, RGoB

2.3. Situation of the Primary Stakeholders (livelihood and vulnerability)

The primary stakeholders are adult citizens in four partner Dzongkhags – Haa, Trongsa, Tsirang and Trashigang - of whom 30% will be disadvantaged groups (youth, women). Enabling primary stakeholders to participate as active civil society in processes that affect their lives and livelihood is the primary thrust. Specific activities targeting youth will be implemented.

For all awareness generation efforts, all the Gewogs in the four Dzongkhags will be targeted. However, concerning intensive capacity building in participatory planning, implementation and monitoring and mainstreaming accountability, efforts will be restricted to two contiguous Gewogs per Dzongkhag (total 8 Gewogs) of which at least two will be semi-urban. Such efforts will be linked to larger donor funded programs for upscaling.

The secondary stakeholders are the Local Governments and the Gewog and Dzongkhag Administrations, and the Department of Local Governance, Ministry of Home and Cultural Affairs.

Other important secondary stakeholders are the Gross National Happiness Commission, the Ministry of Finance, the Ministry of Works and Human Settlement, and civil society organizations.

2.4. Rational

The local governance system in Bhutan is evolving. Decentralization of responsibilities and authorities to Local Government has become an important part of Bhutan's overall development agenda especially after the transition into a democracy in 2008. Despite significant progress in the efforts to decentralise, there is a need for direction and coherence to strategically guide all the disparate efforts at empowering Local Governments. Therefore, to sustain progress in decentralization and guide the way forward, an explicit policy framework that defines the broad direction and key components of what this decentralised system should be is needed. The availability of a coherent policy and implementation plan can improve: (a) a range of complex institutional issues relating to coordination between different central agencies who have the mandate over supporting planning, human resource development, finances and fund transfers, infrastructure development; (b) clarify about new division of responsibilities in a decentralized setting between the elected and the bureaucracy; and (c) ensure against limited and piecemeal civil society participation in local governance. In short, the engagement to facilitate the development of a national decentralisation policy and plan will have far-reaching impact by way of providing direction, sustained guidance and coherence across diverse efforts.

In parallel, the lengthy and overlapping procedures of implementation and reporting across multiple entities require simplification, standardisation and better coordination. These processes and procedures, once simplified have the potential of ensuring better governance in which the citizens and Local Governments are more adept at assuming responsibility.

The impetus to decentralisation through a policy and an implementation plan will need to be accompanied by serious efforts at improving the implementation capacities through 'systems improvement' across Local Governments and between Local Governments and the Dzongkhag, and better planning and implementation capacities.

Therefore, tying up all these different components is necessary for decentralization to move forward as a system. These are areas where HELVETAS has the credibility, experiences and the capacities to support national and local partners. Knowledge and experiences gained so far through working with Local Governments and community-based organisations places the project in a unique position to integrate these local organisations in wider local governance and development reforms.

Importantly, new realities are emerging in the form of (a) a rising trend of urbanisation that requires a greater engagement of Local Governments in a range of new topics in semi-urban settings, and (b) the growing realisation of the need to involve youth as important stakeholders in local development and governance. In this process, access to regional and international experts and experiences in governance with other HELVETAS country offices and the advisory services is a strong benefit. The proposed actions in the project to draw in youth into local governance processes can bring important lessons for the future.

Overall, the project seeks to address current and future challenges by leveraging on experiences gained in the past years of partnership. It foresees a comprehensive engagement at the macro, meso and micro levels. Engagement at the macro level is defined by the support and accompaniment in policy development and umbrella strategic plans and guidelines. These are complemented at the meso level through improved systems for better collaboration and coordination across Gewogs and between the Gewog Administrations and Dzongkhag Administrations to ensure consistency, coherence and sustainability. Finally, at the micro level engagement is defined by the investments made in demonstrating, documenting and advocating for more citizen centric, participatory, inclusive and accountable governance with emphasis on new dimensions of local governance that are becoming realities in Bhutan.

It is significant to mention that the Bhutan programme review in 2016 by members of the HELVETAS Board and a national expert recommended a strong focus on the topic of local governance as it is of 'strategic significance' for public institution building, the future institutional set-up of the country, and the inclusion of the population in the development process.⁴The same review as well as the end of phase project review recommended facilitating dialogues on relevant policies at the national level involving state partners at central, Dzongkhag and Gewog level as a strategic area to be engaged in.

2.5. Innovation and Learning

Capitalizing on experiences and lessons learned, the project will focus on the following areas to add value to existing reforms and increase the impact of ongoing interventions.

Strategic policy and systems development: Using experiences and lessons from the field learnt over the last years of engagement directly with Gewogs and Dzongkhags, the project will facilitate the development of policy, systems and procedures to harmonize and clarify issues, confusions and duplications that exist when implementing reforms. The process and lessons will be documented and shared. Development of policy and systems at national level will be complemented and strengthened by activities in Gewogs (micro level) that demonstrate accountable and inclusive planning, implementation and monitoring of citizen responsive development. Lessons at the micro level will be used to strengthen systems in Dzongkhags (meso level), and advocate for clarifications and discussions from central agencies (macro level). The aim is to also strengthen collaboration and coordination, which is an issue also highlighted in the 12th five year plan.

Local governance in semi-urban settings: The scenario of Local Government as primarily working for the development of rural farmers is changing. Semi-urban and peri-urban settings are growing in numbers. Therefore, changing expectations, dynamics and quality of civic engagement in such settings will be assessed and strengthened.

Youth in local governance: Currently, the genuine engagement of certain groups of citizens, such as youth and women is limited. The intention of the current project is to increase the engagement of citizens, specifically women and youth, in decision-making processes. While the involvement and engagement of women will be mainstreamed through all activities of the project, in the case of youth significant efforts will be made in organising and capacitating at least three youth groups to engage in local governance by participating in meetings, influencing development priorities and undertaking works for the Local Governments. These initiatives will help to get an understanding of their priorities and allow for a better recognition of issues of youth while planning and prioritising development efforts. Important provisions in the LG Act and rules that provide entry points for inclusive citizen engagement will be leveraged and awareness will be raised on them for both elected LG leaders and citizens. Lessons will be analysed, documented and presented to relevant government stakeholders as a strategy towards more nuanced Dzongkhag planning and as avenues for concrete engagement of youth in the governance of local economic development.

⁴ Assessment of the HELVETAS Bhutan Programme, Board Mission, May 2016

2.6. Replication / Scaling up

The activities planned at the micro level in partner Gewogs will be studied, analysed and documented. Lessons and practices will be shared with stakeholders in the Dzongkhag Administrations as well as with the relevant departments. A communication plan will be developed and will include a detailed description of awareness raising and dissemination of information and analysis of good practices to relevant stakeholders. A provision has also been created in the project for regular exchange with other donor assisted projects to encourage them to take on board lessons learnt from this project and adopt good practices wherever possible.

2.7. Planning process and method

The planning process consisted of three main steps:

- **Review of support to local governance:** a review of support for local governance in the last 4 years was conducted by an independent local firm. This review provided general directions for the future. An important frame for the review was the new Country Strategy 2018-2022 and the draft guidelines for 12th FYP.
- **Consultations and concept note:** thematic meetings and a general consultation workshop were held with partners based on which a concept note was drafted and finalized.
- **Planning the project:** With the finalised concept note as the main framework, elaboration of the project document was facilitated by LOGIN.

3. Objectives

3.1. Impact Hypothesis

Citizens of Bhutan will experience better quality of life when:

1. citizens are empowered to genuinely engage in local decision-making processes and in local monitoring, which will lead to better performance of Local Governments;
2. Local Government, the department of local governance and other local partners have clarity on respective institutional roles and responsibilities and coordinate among themselves to effectively support the implementation of local governance reforms;
3. relevant national policies and systems are in place and conducive for local development and citizen engagement.

For this to be achieved, an engagement mechanism at all levels – macro, meso and micro – right from policy framing to better inter agency and inter Gewog coordination to more citizen responsive, transparent, accountable and inclusive local governance needs to be developed.

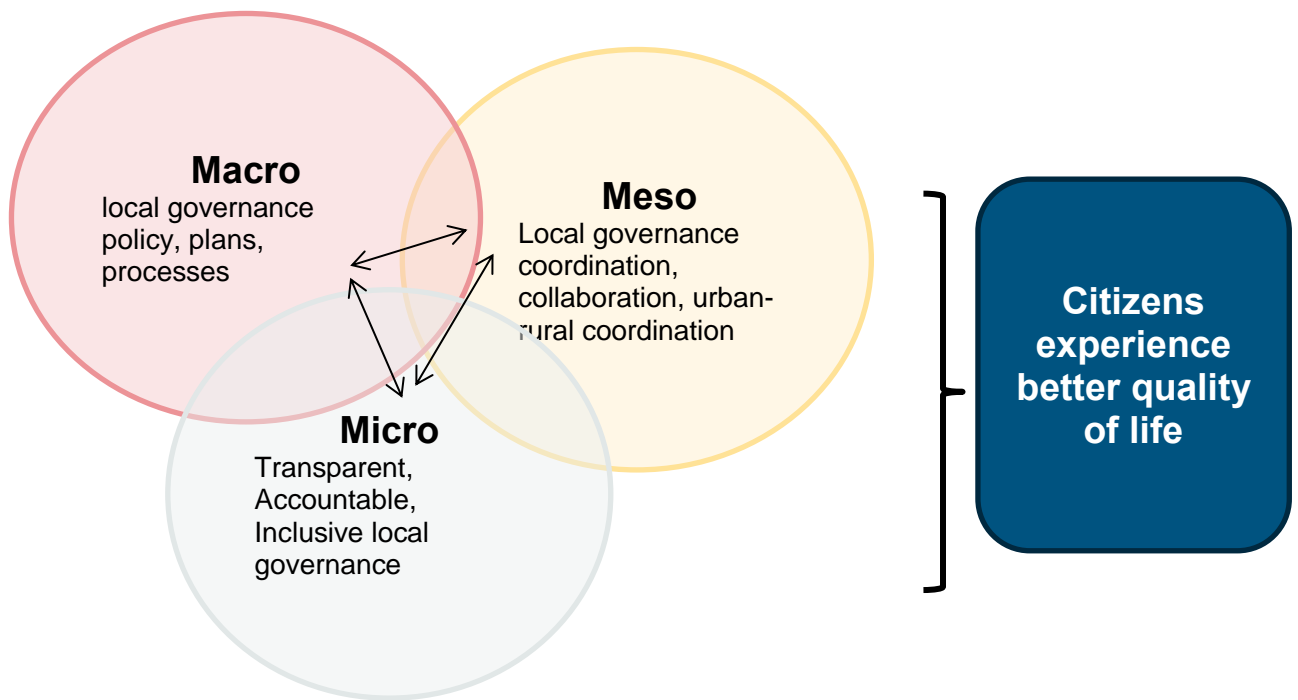


Figure 2: Impact Hypothesis

3.2. Impact (Development objective / overall goal)

Citizens experience better quality of life as Local Governments in Bhutan gain capacities and implement citizen responsive, inclusive and accountable local governance.

3.3. Outcome(s)

Outcome 1: Local governance & decentralisation policies and strategies are conducive for local development and citizen engagement

Outcome 2: Intergovernmental coordination at the Dzongkhag level is effective and supports the implementation of local governance reforms in key priority areas

Outcome 3: Citizens, with specific attention to women and youth, engage actively in planning, implementation, monitoring and reporting on local development

3.4. Outputs

Outputs related to Outcome 1

- Draft Decentralization Policy adopted by the RGoB
- An implementation Plan based on the policy proposed to MoHCA
- Communication plan for raising awareness amongst Local Governments adopted by DLG

Outputs relating to Outcome 2

- DT functioning strengthened in 4 Dzongkhags for upscaling in other Dzongkhags
- Strengthened and improved systems of consultation and coordination and reporting between Gewogs and Dzongkhags
- Protocols for enhancing civic engagement in semi urban Local Governments are developed

Outputs related to Outcome 3

- (a) Gewog development plans form the basis of citizen led prioritization, selection and implementation of development works to be funded by the appropriate grants (Annual Capital Grants, Gewog Development Grants etc) in 8 Gewogs in 4 Dzongkhags
- (b) Practices promoting accountability and transparency are demonstrated in all aspects relating to implementation, monitoring and reporting in at least 8 Gewogs.
- (c) Youth Groups trained and capacitated to obtain community contracts and implement works.

3.5. Logical Framework

The summary of the logical framework is as below:

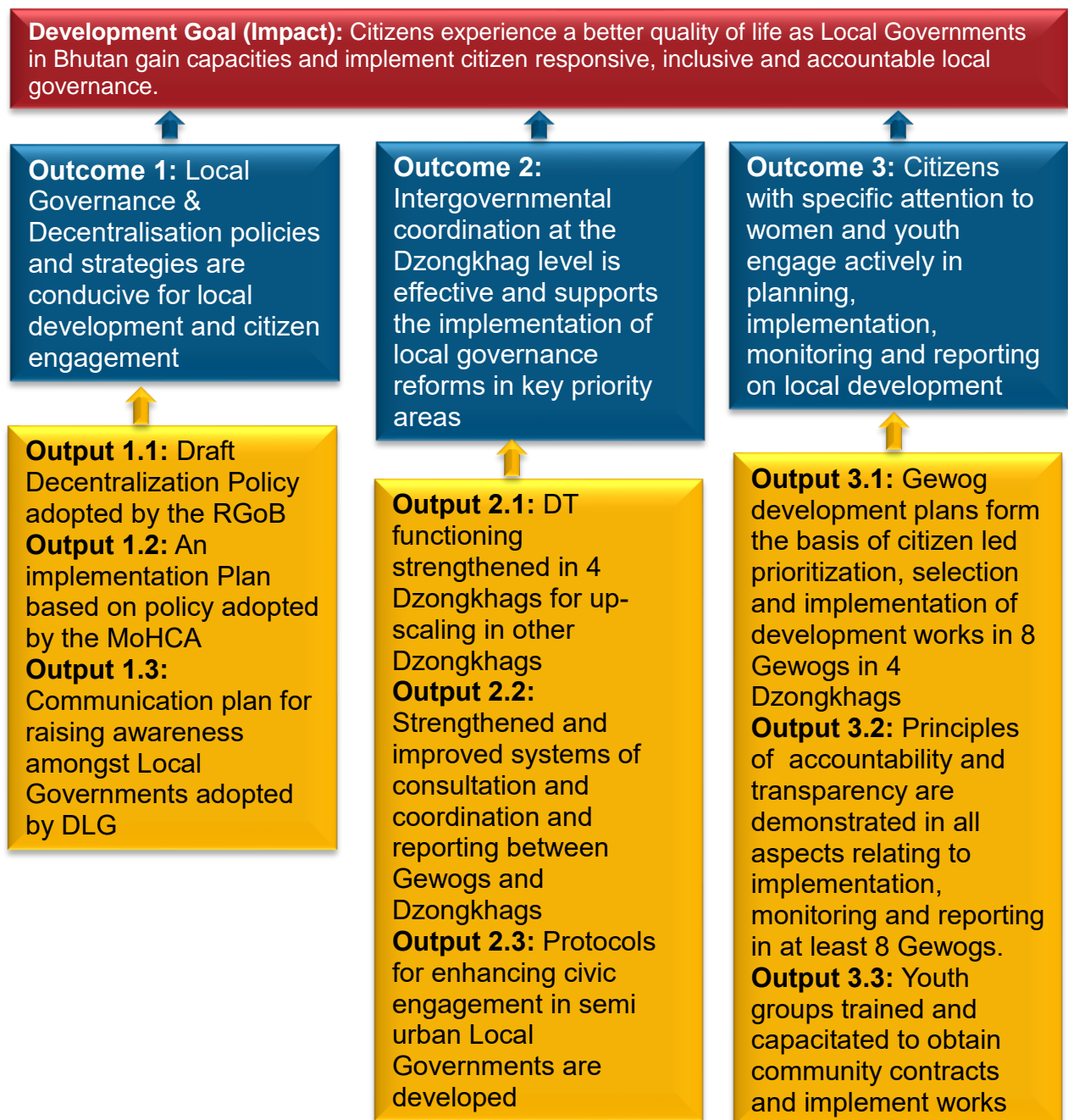


Figure 3: Project logical framework

3.6. Alignment of the project

3.6.1. Contribution to the SDGs, Bhutan's and HELVETAS' strategic goals and policies

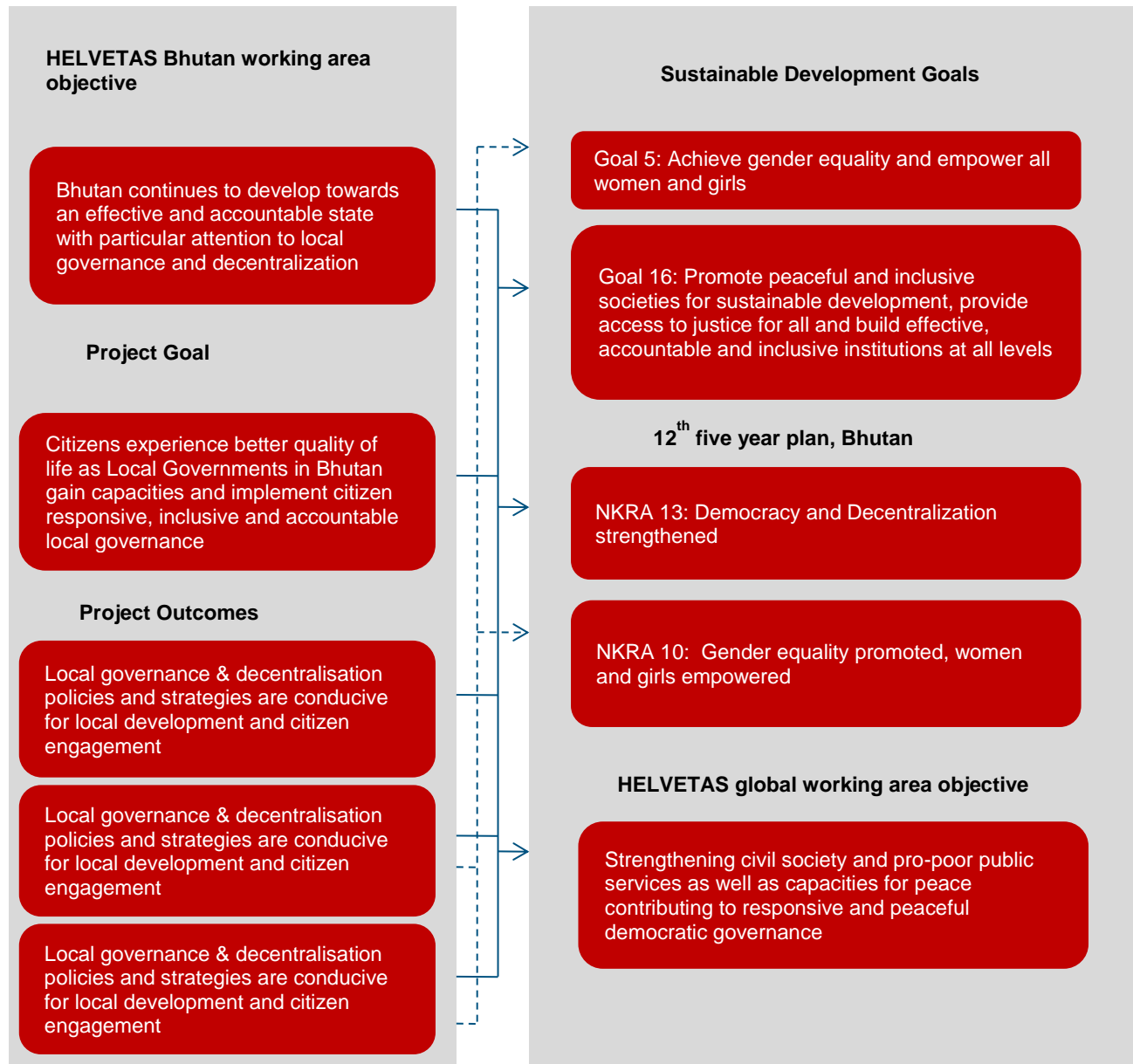


Figure 4: Project contribution to broader frameworks

3.6.2. Contribution to donor specific development strategies

The project complements and seeks to leverage the EU support to local governance in Bhutan that makes available annual capital grants to the Local Governments in an effort to build their capacities to manage resources, implement works and create assets that are sustainably managed by the Local Governments.

4. Implementation Strategy

4.1. Programme / project duration

The project is expected to start in July 2018 and conclude in December 2022.

4.2. Programme / project location

The project will focus on eight Gewogs within four partner Dzongkhags for micro level innovations and implementation of inclusive local governance practices. For Dzongkhag level inter-governmental coordination and processes, the four partner Dzongkhags will be the locations of the project. For policy level engagement and awareness programs, central agencies and Local Government and Dzongkhags in all the 20 Dzongkhags will be important stakeholders.

The map below shows the four partner Dzongkhags in which most micro and meso level engagement will take place. The Dzongkhags were selected based on their geographical distribution (east, west, south and central), their differences in development achievements, and the presence and expansion of semi-urban characteristics.



Map 1: Project Location

4.3. Approaches

The project will apply the following main approaches:

- **Work at three interlinked levels:** As elaborated in the preceding sections, to strengthen the decentralisation system, the project will work at the macro level (policy), meso (Dzongkhag) and micro (Gewog) levels. The strategy at the meso and micro level is to work in eight Gewogs spread over four Dzongkhags from where lessons will be drawn to feed into the national system. Activities and resources will be geared towards initiatives for citizen-centric local and using those experiences as the basis for better understanding what change is required to improve the system, documenting those lessons, and identifying good practices. Efforts will be made to ensure that the good practices are institutionalised through standardisation of processes, and development of guidelines for adoption beyond the four partner Dzongkhags. More systematic coordination and collaboration across agencies and departments working with and for Local Governments will be ensured at-least in the four Dzongkhags that the project is present in with a clear intent to institutionalise in more Dzongkhag Dzongkhags.
- **Mixed mode of learning:** Towards this, the project's main intervention includes:

-
- Systems development (guidelines, standards, standard operating procedures, strategies)
 - Coordination and collaboration (platforms for exchanges across agencies and Local Government, and between Gewog and Dzongkhags)
 - Trainings and exchanges (related to youth engagement, urban engagement, policy implementation)
 - **Sharing of lessons learned:** learning from the past, the project has planned a communication plan which will include clear actions to consolidate learnings and share with relevant stakeholders in various formats and through multiple mediums. This includes a learning event on decentralization, and forums to disseminate the decentralization policy
 - **Gaining experiences in new accents:** concrete activities around the new accents of urban engagement and youth will be carried out. At least two semi-urban settings and three groups of youth are target institutions and partners. Semi-urban settings are expanding, civil society is getting more active and therefore Local Government and governance can no longer be viewed “only” as development of rural farmers. The inclusion of youth in local governance has so far been a neglected topic. Concrete activities are needed to bring in the perspectives and interests of youth.

4.4. Transversal themes and new accents

Gender and Social Equity: Currently, the genuine engagement of certain groups of citizens, such as youth and women are limited. The involvement and engagement of women will be mainstreamed through all activities of the project and efforts will be made in organising and capacitating at least three youth groups to engage in local governance by participating in meetings, influencing development priorities and undertaking works for Local Governments. At least 30% of the primary stakeholders will be women and youth.

Partnership and Capacity Development: the project will work in partnership with central government agencies, Local Government Administrations, elected local leaders, citizens including groups of youth. Capacity building is foreseen at individual (youth groups), organizational (Local Government and central government partners, coordination and collaboration platforms) and systems (policy, procedures, strategies) level.

Advocacy: Development of a decentralisation policy and an implementation plan at the national level will be complemented by support for concrete actions in 8 partner Gewogs that demonstrates more accountable and inclusive planning, implementation and monitoring. Lessons from the Gewogs will be used to strengthen systems at the meso (Dzongkhag) level and advocate for policy clarifications at the macro level.

5. Stakeholders and partners

5.1. Primary stakeholders

Using Bhutan’s list of individuals and groups that are identified as vulnerable, the Country Strategy 2018-2022 defines disadvantaged individuals and groups following the criteria below:

- Economic poverty: very poor/poor women, men who live on less than Nu. 2’195.95 per month⁵
- Sex: women
- Youth: women and men between 15 – 25 years of age
- Area of residence: women and men from the 10 poorest Dzongkhags

⁵Nu. 2195.95 is the national poverty line in the Bhutan Poverty Analysis Report, 2017

The primary stakeholders that the project will target directly are youth and women. Citizen centric local planning and implementation will ensure that in each of the eight Gewogs and four Dzongkhags, sufficient understanding and initiatives are directed towards these disadvantaged groups.

5.2. Main partners and other stakeholders

Government agencies at the central level are strategic partners. Formulating changes or revisions to policies or systems and procedures need the engagement and endorsement of these agencies. For the project, the Ministry of Home and Cultural Affairs (MoHCA), the Gross National Happiness Commission (GNHC) and the Ministry of Finance (MoF) are system partners. At the meso level, for work on improving systems for Gewog and Dzongkhag coordination, Local Governments and Gewog and Dzongkhag Administrations are system partners. At the same time, they are also implementation partners for concrete actions in Gewogs that will feed into system developments. The Department of Local Governance (DLG) of the MoHCA is the key implementation partner. Youth groups and village institutions such as Zomdus will be important implementation partners.

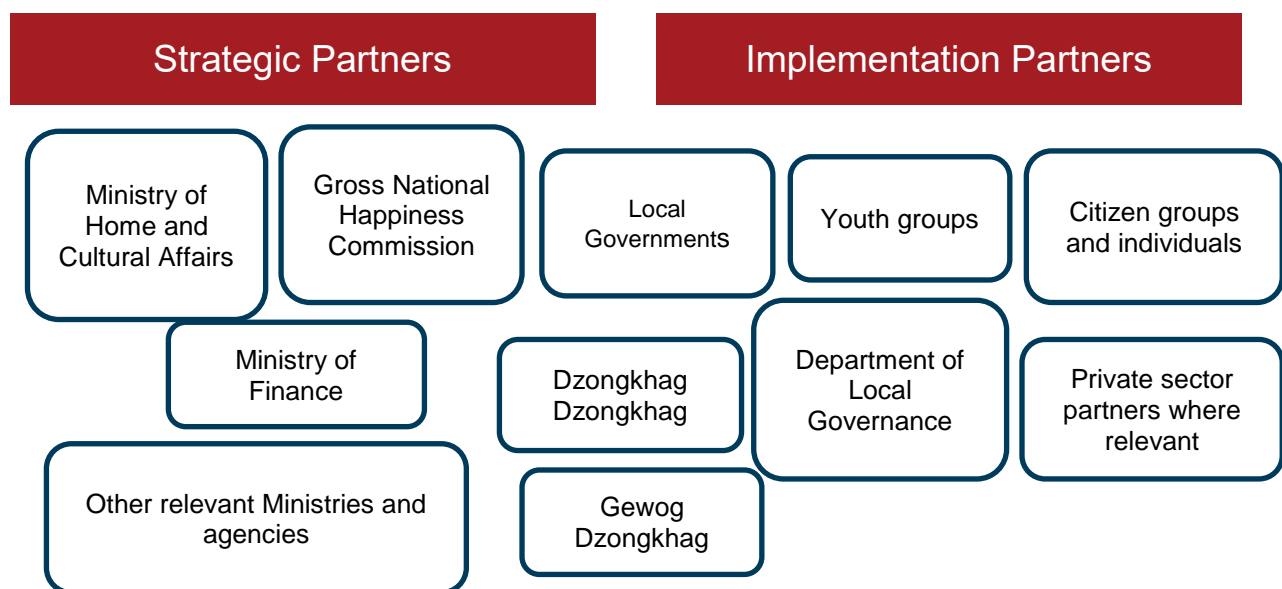


Figure 6: Stakeholder map

6. Project Management

6.1. Management Setup

The management set-up proposed for the project is done so keeping in mind the institutions which need to have an overview of developments, need to be informed of progress and which have the potential to upscale good practices and institutionalise procedures. A **project steering committee** with representatives from the government (MoHCA, GNHC, MoF), Local Government and HELVETAS will oversee and guide the project.

Implementation will be managed through the Department of Local Governance, which will appoint a **Project Manager**. The Project Manager will be supported by a **Project Advisor** who will support in guiding, implementing and monitoring the project and will also lead documentation and dissemination. HELVETAS will provide and manage technical assistance in critical areas.

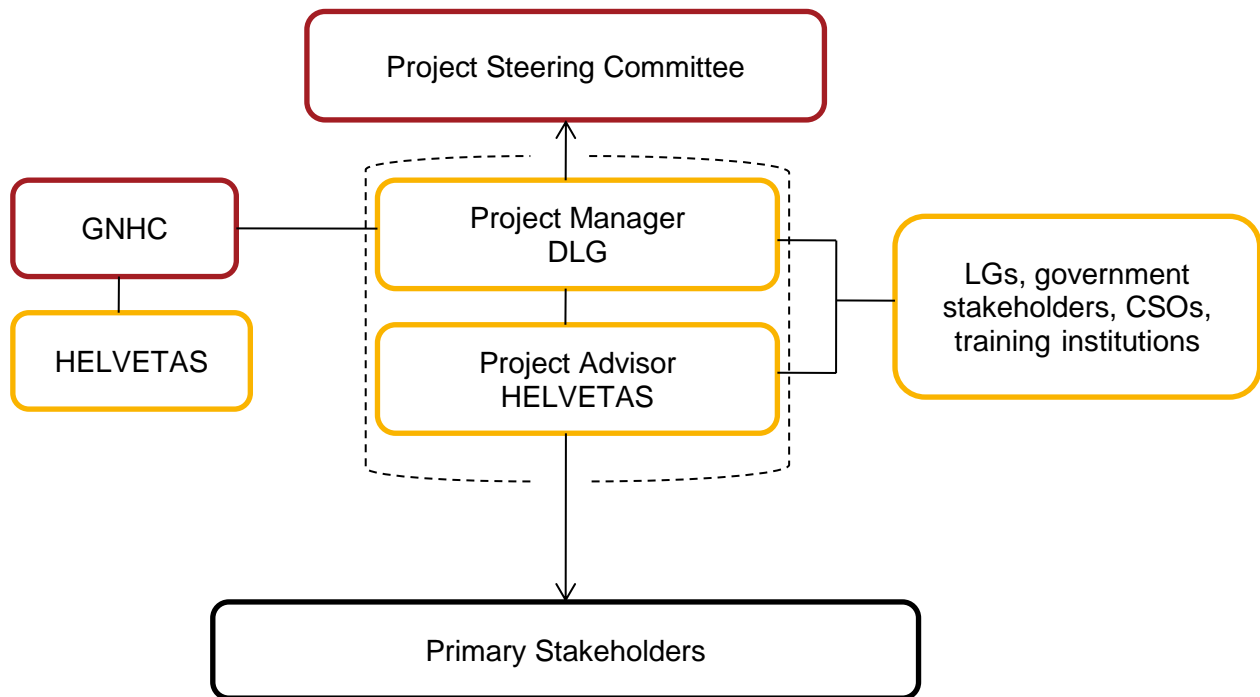


Figure 7: Project implementation modality

6.2. Staffing, consultants and human resources development

Guided by the Project Steering Committee, a Project Manager from the Department of Local Governance will oversee the implementation of the project. The main tasks of the Project Manager include:

- Lead and coordinate the implementation of the project activities
- Conduct project Steering Committee Meetings
- Prepare annual work plans and budget and present to the project Steering Committee for discussions and approval
- Monitor project activities
- Committee for discussions and endorsement
- Participate in audit and follow-up on audit recommendations
- Prepare and participate in project reviews
- Coordinate with other projects and relevant agencies
- Recommend ToR for technical assistance to the Steering Committee for approval and follow-up support
- Act as member secretary to the Steering Committee

The Project Manager will be supported by a Project Advisor whose main tasks will include:

- Ensure overall quality of HELVETAS' engagement in decentralization and local governance, particularly the decentralization and local governance Project
- Provide technical inputs to the project, and contribute towards generating relevant knowledge products and analytical documents
- Engage with partner institutions in the government including Local Government in relevant strategy and policy design/development on the topic decentralization and local governance
- Support the Project Manager in overall quality project management including financial, planning (yearly planning), implementation, and reporting (half yearly and annual reports)
- Organize Project Steering Committee meetings
- Prepare progress reports and budget-expenditure updates and present to the project Steering
- Support the Project Manager in collaborating with the Directorate Services (Finance division) of the Ministry of Home and Cultural Affairs on fund incorporation, fund releases and expenditure statement preparation

-
- Keep the Project Manager regularly informed on issues and challenges as well as achievements and coordinate and organize discussions and meetings with the Project Manager at least once a week
 - Participate in review and evaluation processes of the project and follow-up on implementation of findings

Technical assistance will be planned to advise on policy issues, especially the drafting of a decentralization policy and ensuing strategic implementation plan. Human resource development of partner organizations will be inbuilt into the project and will be done through various approaches and tools such as peer learning, advice, trainings and through development of guidelines and procedures. It is planned at various levels: central level (related to policy development, coordination), at Local Government level (implementation, inter-government coordination and collaboration) and for citizen groups such as youth groups (implementation, empowerment).

6.3. Project Steering Committee (PSC)

The project will be guided by a Project Steering Committee which will meet twice a year. The main responsibilities of the PSC are to:

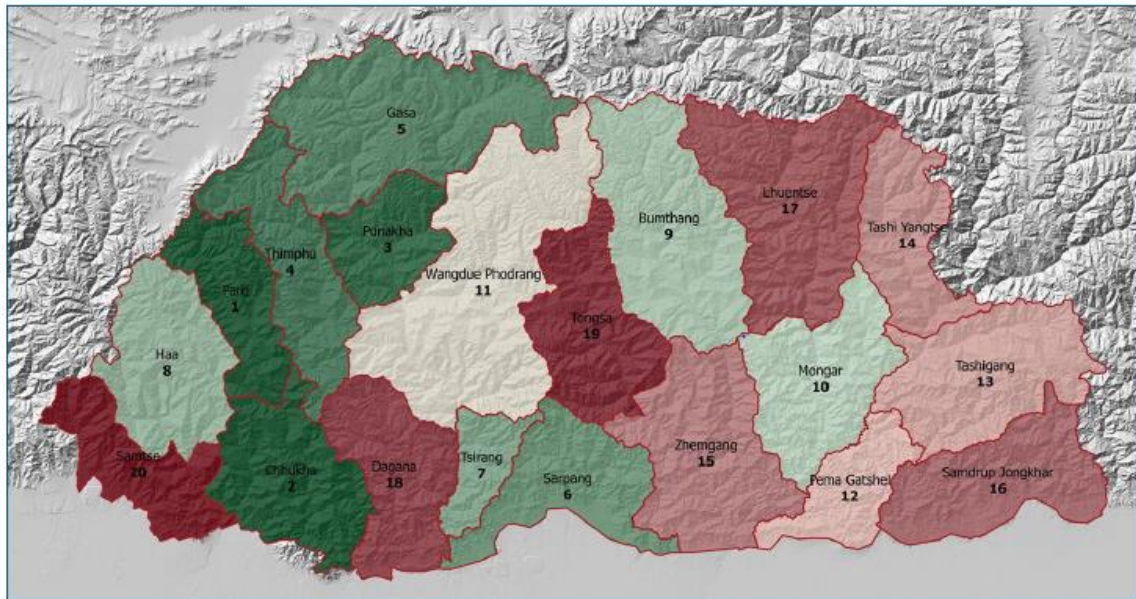
- Oversee and provide strategic guidance to the project
- Decide on/resolve any important issues pertaining to the implementation of the project Review and approve annual work plans and budgets
- Review and endorse changes proposed by the project management to work plans/budgets for effective implementation
- Review and endorse financial and operational reports
- Review and endorse all TA needs of the project as recommended by the project management
- Approve ToRs for project review and discuss review recommendations

The PSC will comprise representatives from the DLG, the Policy and Planning Division, MoHCA, Local Governments, GNHC, HELVETAS and MoF.

Several events around the decentralization policy will be organised. Presentations, discussions of draft, dissemination of final policy will be organised. The policy itself will be drafted by technical assistance from HELVETAS and with support from a national reference group consisting of representatives from agencies that are crucial to decentralization in Bhutan such as the Ministry of Home and Cultural Affairs (MoHCA), the Gross National Happiness Commission Secretariat (GNHCS), Ministry of Finance (MOF), the Royal Civil Service Commission of Bhutan (RCSC) and DLG. A national level workshop is also planned to share and learn from experiences in implementing decentralization on the ground. Annual exchanges on achievements, challenges, good practices and lessons will be organised to which implementation teams of relevant donor supported projects will be invited.

6.3.1. Baseline

From the Local Governance Assessment Study, 2015, the project will use profiling of development achievements in the 20 Dzongkhags as the baseline. The four partner Dzongkhags for the project are a mix in terms of development achievements using criteria of poverty, literacy, unemployment, capital grant usage, access to health facilities and selected criteria from the Gross National Happiness Index. A comparison will be made at the end of the project; however, it must be noted that comparisons in terms of development changes in literacy rate, poverty etc will not fully measure local governance changes in terms of inclusion, participation of women and youth, and social accountability. Therefore, qualitative assessments of the implementation of these governance principles will be done.



Map 1: Dzongkhag Profiling, by overall ranking

Legend: 
Below Average ← → Above Average

Map 2: Dzongkhag profiling (Source: Local Governance Assessment Study, 2015)

6.3.2. Monitoring

Close monitoring will be done to track results, identify areas of concern and options to address these.

Instruments for monitoring and evaluations will include:

- Progress reports including financial statements
- Steering committee meetings
- Regular meetings and discussions with partners to review and plan
- Regular field visits and discussions with partners including primary stakeholders
- Technical assistance feedback
- Mid-term review
- Final evaluation

6.3.3. Reporting

The Project Manager and Project Advisor will prepare high quality and timely semi-annual and annual project reports, including statements of accounts following the project LogFrame.

The progress will be reported to the PSC during the PSC meetings that will be held at least twice a year. The reports will be submitted to HELVETAS through the GNHC Secretariat. In addition, monitoring reports and field visit reports will be submitted.

6.3.4. Reviews / evaluations / impact assessment

A mid-term review will be done by an independent consultant and its purpose will be to take stock of the project progress and challenges, learn from them and use them to make adjustments that might be necessary to enhance performance. A final evaluation will be conducted with emphasis on learning at various levels, and opportunities to enhance uptake and incorporate lessons learned from the present experience.

6.3.5. Audit / public audit

The project will be annually audited by the Royal Audit Authority of Bhutan through the existing auditing system of Bhutan. Public audits will be conducted by citizen groups.

7. Resources (financial and material)

7.1. Budget

A summary of the budget is provided below. Details are provided under Annex 9.2.

Budget Part	% of total	Phase Total Nu	Phase Total CHF	2018 CHF	2019 CHF	Year 3 CHF	Year 4 CHF	Year 5 CHF
Contribution from partners		2,010,000						
Project Outcomes	77	54,672,000	804,000	60,000	241,000	216,000	206,000	81,000
TA international	6	4,080,000	60,000	25,000	20,000	15,000		
TA national, project advisory	9	6,698,000	98,500	26,500	26,000	21,000	15,000	10,000
Mid-term review and evaluation	3	2,380,000	35,000			15,000		20,000
Operational costs (monitoring costs, in-country travels, field visits, communication, annual audits)	5	3,502,000	51,500	5,100	11,500	11,500	11,700	11,700
TOTAL	100	71,332,000	1,049,000	116,600	298,500	278,500	232,700	122,700

Helvetas cost contributions (administration, steering, financial services) for the project is CHF 101,000, which brings the total project contribution to **CHF 1,150,000 (Ngultrum 78,200,000)**.

7.2. Funding sources

The government partners will contribute to the recurring costs in the project. The Project Manager will be an employee of the Department of Local Governance whose costs will be borne by the government. Peer learning in the region will be linked to LOGIN where there is a high potential for cost contributions.

8. Overall assessment and Risks

8.1. Overall assessment of sustainability and ownership

The fact that the project will be jointly implemented with the Department of Local Governance at the national level is the best assurance that the lessons learnt will be integrated on a wider scale through the ongoing efforts of the department beyond those supported by the project. For sustainability of the results achieved through the interventions of this project:

- (i) anchoring implementation of project activities in Local Governments while closely monitoring and backstopping through technical support and advice,
- (ii) developing policy and strategic implementation plans, guidelines, and operating procedures that remains beyond a project life,

- (iii) ensuring that resources are reserved and activities are assigned for supporting sharing of good practices and lessons learnt from this project.

8.2. Table with risks, probability of occurrence and mitigation measures

Risks	Probability of occurrence	Mitigation measures
<p>Strategic risks: Major shifts in current priority allotted to local governance and decentralization in the draft 12th FYP</p>	Low	<p>The formulation of the 12th five year plan was consultative and has clear national key result areas on democratization, decentralization, and equality. The LG Act also secures the role of LGs. Supporting the development of relevant policies such as a decentralization policy will further anchor these initiatives. Using these as the national framework, one of the focus of the project will be on translating these to benefit Local Government and citizens.</p>
<p>Differing or competing views on decentralization and democratization processes/reforms among key stakeholders at national level could disrupt further reform process and make it impossible to develop common policy and strategies</p>	Medium-low	<p>The national level outcomes on decentralization and democratization provide an overall broad sense of direction on these topics. Leveraging on such frameworks to discuss, debate and arrive at a common policy, strategies and plan is a priority of the project but will not be a straightforward process.</p>
<p>While formal institutions and systems of local governance receive attention, focus on citizen engagement stagnates</p>	Medium-low	<p>Clearer linkages need to be established between community and citizen involvement and strengthening formal institutions and systems. Activities on enhancing LG-citizen interfaces and community engagement platforms will strengthen the focus on citizens.</p>
<p>Operational risks: Main implementation partner is occupied with operational priorities of human resources management at Local Government level and other engagement</p>	Medium	<p>The placement of a project advisor to work closely with implementation partners is intended to support the Project Manager and to engage in strategic priorities.</p>
<p>National system of monitoring and measuring Local Government progress limits attention and interest in strategies/pilots outside the measured local annual plans</p>	Medium-high	<p>Close consultations during annual planning cycles, discussing mutual priorities and embedding into local plans, coordination forums between central-local-project strategies are some approaches that will be implemented.</p>

9. Annex

9.1. Logical Framework

Intervention Logic	Indicators	Means of Verification	Assumptions / risks (External Factors)
Impact			
Citizens experience better quality of life as Local Governments in Bhutan gain capacities and implement citizen responsive, inclusive and accountable local governance.	<ul style="list-style-type: none"> • Perception of citizens in partner Gewogs and Dzongkhags on quality of engagement and Local Government services 	<ul style="list-style-type: none"> • Perception study • MTR, evaluation report 	
Outcomes/Outputs	Indicators	Means of Verification	Assumptions / risks (External Factors)
1. Local governance & decentralisation policies and strategies are conducive for local development and citizen engagement	<ul style="list-style-type: none"> • Policy document leads to at least 2 initiatives to strengthen decentralized local development • Key priorities in policy document reflected in annual performance targets of DLG 	<ul style="list-style-type: none"> • Records of initiatives • Annual performance targets of DLG 	<ul style="list-style-type: none"> • New government will support the decentralization policy document
1.1 Draft Decentralization Policy adopted by the RGoB	<ul style="list-style-type: none"> • At least 4 consultations held to discuss the draft policy • Decentralisation policy approved by the RGoB 	<ul style="list-style-type: none"> • Decentralization policy document 	
1.2 An implementation plan based on the Policy adopted by the MoHCA	<ul style="list-style-type: none"> • 3 capacity building efforts supported on topics considered priority in the Plan • At least 6 pilots identified by DLG and supported including research 	<ul style="list-style-type: none"> • Implementation plan • Reports and research documents • Conference resolutions and recommendations 	

	<ul style="list-style-type: none"> • Experience sharing conference facilitated, results documented and shared with relevant agencies and organizations 		
1.3 Communication plan for raising awareness amongst Local Governments adopted by DLG	<ul style="list-style-type: none"> • Communication plan in place • At least 3 communication materials developed • Annual meetings held among different projects 	<ul style="list-style-type: none"> • Communication plan • Communication materials • Meetings minutes 	
2. Intergovernmental coordination at the Dzongkhag level is effective and supports the implementation of local governance reforms in key priority areas	<ul style="list-style-type: none"> • Effective and functional intergovernmental coordination platforms and procedures instituted in the four partner Dzongkhags • Experiences documented and shared with other projects for uptake 	<ul style="list-style-type: none"> • Annual report DLG • Field visit reports 	Up-take by other projects or programmes
2.1. DT functioning strengthened in 4 Dzongkhags for up-scaling in other Dzongkhags	<ul style="list-style-type: none"> • Assessment study available • At least 1 training designed and given out to the relevant position holders • Guidelines available for streamlining the functioning, coordination and reporting between the Gewogs and Dzongkhags • At least 4 regional workshops conducted to raise awareness on guidelines 	<ul style="list-style-type: none"> • Assessment report • Training report • Guideline document • Workshop report 	
2.2 Strengthened and improved systems of consultation and coordination and reporting between Gewogs and Dzongkhags	<ul style="list-style-type: none"> • Assessment report available • Standard Operating Procedures outlined and adopted 	<ul style="list-style-type: none"> • Assessment report • SOP document 	
2.3 Protocols for enhancing civic engagement in semi urban Local Governments are developed	<ul style="list-style-type: none"> • Assessment report available • At least 2 case studies documenting the experience of facilitating civic engagement in semi urban Gewogs available • At least 1 peer learning event carried out 	<ul style="list-style-type: none"> • Assessment report • Case studies • Peer learning report 	
3. Citizens, with specific attention to women and youth, engage actively in planning, implementation,	<ul style="list-style-type: none"> • Effective protocols for citizen engagement in place 	<ul style="list-style-type: none"> • Finalized Zomdus protocol 	

monitoring and reporting on local development	<ul style="list-style-type: none"> • Tools and approaches for inclusive and participatory planning and implementation institutionalised in regular local development processes 	<ul style="list-style-type: none"> • Documentation of planning process 	
<p>3.1 Gewog development plans form the basis of citizen led prioritization, selection and implementation of development works in 8 Gewogs in 4 Dzongkhags</p>	<ul style="list-style-type: none"> • 8 consultatively prepared Gewog development plans developed annually • 3 citizen groups supported to strengthen civic engagement 	<ul style="list-style-type: none"> • Gewog development plans • Field reports • Midterm review and evaluation 	
<p>3.2 Principles of accountability and transparency are demonstrated in all aspects relating to implementation, monitoring and reporting in at least 8 Gewogs.</p>	<ul style="list-style-type: none"> • Relevant and appropriate training modules prepared • At least 8 case studies available with good practices documented • Upscaling plan available 	<ul style="list-style-type: none"> • Training modules • Case studies • Plan & resource document 	
<p>3.3 Youth Groups trained and capacitated to obtain community contracts and implement works</p>	<ul style="list-style-type: none"> • At least 3 Gewogs have self-help youth groups • At least 3 self-help youth groups trained are awarded work by Gewog Dzongkhag • At least 1 peer learning event conducted 	<ul style="list-style-type: none"> • Group by-laws and membership list • Training report & work award letters • Peer learning report 	

9.2. Budget

Cost	2018	2019	2020	2021	2022	Total	Total in %
1. Direct Project costs (activities in favour of the beneficiaries)	60,000	241,000	216,000	206,000	81,000	804,000	77%
1.1. Outcome 1: Local Governance & Decentralisation policies and strategies are conducive for local development and citizen engagement	45,000	125,000	70,000	75,000	30,000	345,000	
1.1.1. Draft Decentralization Policy adopted by the RGoB	45,000	10,000	10,000	10,000		75,000	
1.1.2. An implementation Plan based on the policy adopted by the MoHCA		35,000	35,000	40,000	15,000	125,000	
1.1.3 Communication plan for raising awareness amongst Local Governments adopted by DLG		80,000	25,000	25,000	15,000	145,000	
Total Outcome 1	45,000	125,000	70,000	75,000	30,000	345,000	33%
1.2. Outcome 2: Intergovernmental coordination at the Dzongkhag level is effective and supports the implementation of local governance reforms in key priority areas	10,000	50,000	75,000	60,000	10,000	205,000	
1.2.1. DT functioning strengthened in 4 Dzongkhags for upscaling in other Dzongkhags	0	25,000	45,000	30,000	5,000	105,000	
1.2.2. Strengthened and improved systems of consultation and coordination and reporting between Gewogs and dzongkhags	10,000	10,000	15,000	15,000	5,000	55,000	
1.2.3. Protocols for enhancing civic engagement in semi urban Local Governments are developed		15,000	15,000	15,000		45,000	
Total Outcome 2	10,000	50,000	75,000	60,000	10,000	205,000	20%

Cost	2018	2019	2020	2021	2022	Total	Total in %
1.3. Outcome 3: Citizens with specific attention to women and youth engage actively in planning, implementation, monitoring and reporting on local development	0	60,000	65,000	65,000	35,000	225,000	
1.3.1. Gewog development plans form the basis of citizen led prioritization, selection and implementation of development works in 8 Gewogs in 4 Dzongkhags	0	20,000	25,000	20,000	10,000	75,000	
1.3.2. Principles of accountability and transparency are demonstrated in all aspects relating to implementation, monitoring and reporting in at least 8 Gewogs		20,000	20,000	25,000	10,000	75,000	
1.3.3. Youth Groups trained and capacitated to obtain community contracts and implement works		20,000	20,000	20,000	15,000	75,000	
Total Outcome 3	0	60,000	65,000	65,000	35,000	225,000	21%
1.3. Outcome 0: Project Management Unit	5,000	6,000	6,000	6,000	6,000	29,000	
Project management monitoring costs, meetings	5,000	6,000	6,000	6,000	6,000	29,000	
Total Outcome 0	5,000	6,000	6,000	6,000	6,000	29,000	3%
2. Costs of TA (international, national, project advisory) and operations	56,100	57,500	47,500	26,700	21,700	210,000	20%
2.1. local external consultants international (policy development and finalization, development of implementation plan, other technical support)	25,000	20,000	15,000			60,000	

Cost	2018	2019	2020	2021	2022	Total	Total in %
2.2. local external consultants national including project advisory	26,500	26,000	21,000	15,000	10,000	98,500	
2.3. operating costs (i.e. fuel, maintenance, communication, travel costs, monitoring)	4,100	10,000	10,000	10,000	10,000	44,100	
2.7. Audit	1,000	1,500	1,500	1,700	1,700	7,400	
Total local project costs (1, und 2)	116,100	298,500	263,500	232,700	102,700	1,013,500	97%
4. Evaluation & Impact assessment			15,000		20,000	35,000	3%
4.1. Specific evaluations/impact assessments (extern or intern) : MTR, evaluation			15,000		20,000	35,000	
5. Total Project costs (1–4)	116,600	298,500	278,500	232,700	122,700	1,049,000	100%

HELVETAS costs contributions (administration, financial, steering) to the project is CHF 101,000 which brings the total to 1,150,000 CHF.