ブータン王国
地方行政支援プロジェクトフェーズ３
詳細計画策定調査報告書

平成 23 年 1 月

（2011 年）

独立行政法人国際協力機構

公共政策部

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序　　　　文

　ブータン王国では、2002 年 6 月に初の成人男女（21 歳以上）の直接投票による地区長選挙が実施、2008 年には初の成文憲法が制定され、地方分権化への動きはますます加速していくことが予想される。

　このような状況のなか、JICA では内務・文化省地方行政局（DLG）をカウンターパートとし、2004 年 3 月から 2006 年 10 月まで地方行政支援プロジェクト（フェーズ 1）を実施し、3 県 25 地区を対象にしたパイロット事業を通じてその制度構築を支援するとともに、関係職員の能力向上を中心とした協力を行ってきた。

　フェーズ 1 の成果を踏まえ、2007 年 10 月から 3 年間の予定で国家計画委員会（GNHC）地方開発局をカウンターパートとして地方人材育成のための総合人材育成計画（ICBP）による更なる人材育成の支援をフェーズ 2 として実施した。このプロジェクトでは、開始当初の ICBP を改訂し、研修教材を作成し、地方行政官に対する ICBP 研修を実施すること、東部のタシアンツェ県の 8 つの地区で地方行政サービスにかかるパイロット・プロジェクトを計画・実施することを通じて、その成果・教訓を取りまとめ、ICBP の制度化の提言をした。

　その結果、ICBP は能力開発戦略（CDS）の重要な要素として位置づけられることが見込まれている。一方で、ICBP 研修に参加した地方行政職員が住民ニーズを踏まえた計画・予算策定にあたり、その業務を支援する仕組みを構築していく必要性が確認された。また、ICBP 研修の実施およびそれを踏まえた地方行政の計画・事業実施の責任が DLG に再び移管されたため、DLG より ICBP 研修を通じた地方行政の人材育成および研修を踏まえた地方開発計画の改善にかかる協力が要請された。

　これを受けて、2010 年 9 月 18 日～10 月 1 日にかけて詳細計画策定調査団を派遣し、ブータン政府と本技術協力プロジェクトの枠組みについて合意し、2011 年 2 月から 3 年半の計画でプロジェクトを実施することとなった。

　本報告書は、上記調査における協議結果を踏まえ、本プロジェクトの概要および実施上の留意点を取りまとめたもので、今後のプロジェクト実施に広く活用されることを願うものである。

　ここに本調査にご協力とご支援を頂いた国内支援委員および各関係機関の方々に深く敬意を表するとともに、引き続き一層のご支援をお願いする次第である。

　平成 23 年 1 月

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独立行政法人国際協力機構

公共政策部長　中川　寛章

</div>

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DISTRICTS IN BHUTAN

Trashigang

Samdrupjongkhar

Trashi yangtse

Pema gatshel

Lhuentse

Mongar

Bumthang

Zhemgang

Trongsa

Sarpang

Wangdue

Tsirang

Gasa

Dagana

Punakha

Thimphu

Chukha

Paro

Haa

Samtse

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２．チラン県行政官との意見交換

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略　語　表

略語	英語・ブータン語	日本語訳
AGG	Annual Grant Guideline	アニュアル・グラント・ガイドライン
CD	Capacity Development	キャパシティ・ディベロップメント（能力開発）
CDG	Capacity Development Grant	能力開発交付金
CDS	Capacity Development Strategy	能力開発戦略
C/P	Counterpart	カウンターパート
DLG	Department of Local Governance	内務・文化省地方行政局
DYT	Dzongkhag Yargay Tshogchhung	県開発議会
GAO	Gewog Administration Officer	地区行政官
GNHC	Gross National Happiness Commission	国家計画委員会
GYT	Gewog Yargay Tshogchhung	地区開発議会
ICBP	Integrated Capacity Building Plan	総合人材育成計画
JICA	Japan International Cooperation Agency	国際協力機構
JOCV	Japan Overseas Cooperation Volunteer	青年海外協力隊
LDD	Local Development Division	地方開発課
LDPM	Local Development Planning Manual	地方開発計画マニュアル
LGDP	Local Governance and Decentralization Project	地方行政支援プロジェクト
LGSP	Local Governance Support Program	地方行政支援プログラム
M&E	Monitoring and Evaluation	モニタリング・評価
M/M	Minutes of Meeting	協議議事録
PDM	Project Design Matrix	プロジェクト・デザイン・マトリックス
PLSD	Participatory Local and Social Development	参加型地域社会開発
PO	Plan of Operations	活動計画
RCSC	Royal Civil Service Commission	公務員人事委員会
RIM	Royal Institute of Management	王立経営研究所
UNCDF	United Nations Capital Development Fund	国連資本開発基金
UNDP	United Nations Development Programme	国連開発計画

第 1 章　詳細計画策定調査団の概要

1 − 1　要請背景

　ブータン王国（以下、「ブータン」と記す）では、長期にわたり地方分権化の取り組みが進められ、1981 年に県（ゾンカック）レベルの県開発会議（Dzongkhag Yargay Tshogchhung：DYT）が、1991 年に地区（ゲオグ）レベルの地区開発議会（Gewog Yargay Tshogchhung：GYT）が設置され、地方分権関連法の改正に基づき、2002 年 6 月には初の成人男女（21 歳以上）の直接投票による地区長（ガップ）選挙が実施された。2008 年には初の成文憲法が制定されるとともに、更なる地方自治体制の整備が予定されており、地方分権化への動きはますます加速していくことが予想される。

　このような状況のなか、JICA では内務・文化省地方行政局（Department of Local Governance：DLG）をカウンターパート（Counterpart：C/P）とし、2004 年 3 月から 2006 年 10 月まで「地方行政支援プロジェクト（Local Governance and Decentralization Project：LGDP）（フェーズ 1 ）」（以下、「LGDP 1 」と記す）を実施した。同プロジェクトでは、3 県 25 地区を対象にしたパイロット事業を通じてその制度構築を支援するとともに、関係職員の能力向上を中心とした協力を行ってきた。

　2008 年 7 月から開始された第 10 次五カ年計画では、中央政府から全国 205 地区に直接配賦する地方交付金（アニュアル・グラント）制度を導入し、地方人材育成のための総合人材育成計画（Integrated Capacity Building Plan：ICBP）に基づいた研修を実施することとしている。

　このため、LGDP 1 の成果を踏まえ、2007 年 10 月から 3 年間の予定で国家計画委員会（Gross National Happiness Commission：GNHC）地方開発課（Local Development Division：LDD）を C/P として ICBP による更なる人材育成の支援をフェーズ 2 （以下、「LGDP 2 」と記す）として実施している。このプロジェクトでは、開始当初の ICBP を改訂し、研修教材を作成し、地方行政官に対する ICBP 研修を実施すること、東部のタシアンツェ県の 8 つの地区で地方行政サービスにかかるパイロット・プロジェクトを計画・実施することを通じて、その成果・教訓を取りまとめ、ICBP の制度化の提言をすることとしている。

　終了時評価では、ICBP は近い将来承認される能力開発戦略（Capacity Development Strategy：CDS）の重要な要素として位置づけられることが見込まれているため、ICBP の制度化にかかる道筋が明らかにされることを条件にプロジェクトを当初予定通り終了させること、ICBP 研修に参加した地方行政職員が住民ニーズを踏まえた計画・予算策定にあたり、その業務を支援する仕組みを構築していく必要性が提言された。

　一方で、ICBP 研修の実施およびそれを踏まえた地方行政の計画・事業実施の責任が DLG に再び移管されたため、DLG より ICBP 研修を通じた地方行政の人材育成および研修を踏まえた地方開発計画の改善にかかる協力が要請された。

1 − 2　調査の目的

（1）先方の要請背景、協力内容および実施体制について確認し、協力の妥当性を検討する。

（2）ICBP 研修を踏まえた県および地区レベルの地方開発計画の実状と課題を分析する。

（3）当該分野を支援する他ドナーとの情報交換を行い、支援内容の協調のあり方を検討する。

（4）先方政府関係者とプロジェクトの目的・成果・範囲・対象およびプロジェクト開始までの

検討事項について協議を行い、合意決定事項について協議議事録（Minutes of Meeting : M/M）案、プロジェクト・デザイン・マトリクス（Project Design Matrix : PDM）案、活動計画（Plan of Operations : PO）案として取りまとめ、署名する。

１－３　調査団員構成

氏名	担当分野	所属・職位
清家　政信	総括	国際協力機構　国際協力専門員
真崎　克彦	社会開発	清泉女子大学　准教授
木全　洋一郎	協力企画	国際協力機構　公共政策部行政機能課

１－４　調査日程

2010 年 9 月 18 日（土）～10 月 1 日（金）まで。

日程		清家団長・木全団員	真崎団員
9 月 18 日	土	成田－バンコク	
9 月 19 日	日	バンコク－パロ DLG 局長との打合せ	現地合流 DLG 局長との打合せ
9 月 20 日	月	9:00 JICA ブータン駐在員事務所打合せ 14:00 GNHC 協議 15:30 DLG 協議	
9 月 21 日	火	ティンプー－チラン	
9 月 22 日	水	9:00 チラン県知事表敬 10:00 チラン県行政官との意見交換 14:00 チラン県内地区での ICBP 研修視察 16:00 チラン県内地区長／地区議員へのインタビュー	
9 月 23 日	木	チラン－ティンプー 16:30 RIM との協議	
9 月 24 日	金	9:30 プロジェクト総括ワークショップ 14:30 DLG との新規プロジェクトデザインにかかる協議	
9 月 25 日	土	10:00 RIM 協議 PM M/M 作成	パロ－バンコク
9 月 26 日	日	M/M 作成	バンコク－成田
9 月 27 日	月	9:00 PDM および M/M 協議 12:00 UNDP（LGSP）協議 16:30 デンマークとの協議 17:30 JICA 事務所報告	
9 月 28 日	火	11:30 RCSC との協議 14:30 内務・文化省次官表敬 15:30 M/M 協議	
9 月 29 日	水	12:00 M/M 署名	
9 月 30 日	木	パロ－バンコク	
10 月 1 日	金	バンコク－成田	

１－５　主要面談者

＜ブータン側＞

（１）内務・文化省

Mr. Penden Wangchuk	Secretary
Mr. Dorji Norbu	Director, DLG
Mr. Karma Galay	Chief Program Officer, DLG
Mr. Wangdi Gyeltshen	Program Officer, DLG

（２）国家計画委員会（Gross National Happiness Commission：GNHC）

Mr. Pasang Dorji	Chief Planning Officer, LDD
Mr. Karma Jamtsho	Program Manager, LDD

（３）公務員人事委員会（Royal Civil Service Commission：RCSC）

Mr. Ugyen Tshewang	Chief Human Resource Officer

（４）県関係者

Mr. Pemba Wangchuk	Governor, Tsirang District
Mr. Kinley Gyeltshen	Vice Governor, Tsirang District
Mr. Ngawang Chophel	Planning Officer, Tsirang District
Mr. Sonam Tobgay	Election Officer, Tsirang District
Ms. Bhagi Maya	Accountant, Tsirang District
Mr. James Lingden	Engineer, Tsirang District
Mr. Pema Chofil	Agricultural Officer, Tsirang District
Mr. Dorji Dukpa	Livestock Officer, Tsirang District
Mr. Sangay	Forestry Officer, Tsirang District

Planning Officer of Timphu, Haa and Trashiyangtse

Gewog Administration Officer（GAO）of Tsirang and Trashiyangtse（各 2 名）

（５）王立経営研究所（Royal Institute of Management：RIM）

Mr. Karma Tshering	Director
Mr. Jit Tshering	Sr. Lecturer
Ms. Sonam Chuki	Lecturer

＜ドナー＞

Mr. Bakhodir Burkhanov	Deputy Resident Representative, UNDP
Mr. Kunzang Norbu	Head, Governance Unit, UNDP
Ms. Chencho Gyalmo Dorjee	National Program Officer, UNCDF
Mr. Henrik A. Nielsen	Head of Liaison Office, Denmark
Mr. Tek B. Chhetri	Deputy Head, Senior Program Office, Denmark

＜日本側＞
（１）プロジェクト（LGDP２）
　　　津川　智明　　　　　　　　プロジェクト・マネジメント専門家
　　　Mr. Rinchen Wangdi　　　　Chief Program Coordinator

（２）JICA ブータン駐在員事務所
　　　仁田　知樹　　　　　　　　駐在員
　　　ドイル　恵美　　　　　　　企画調査員

第2章　関係機関との協議結果

2－1　LGDP2終了時評価提言のフォロー

　2010年5月に実施されたLGDP2の終了時評価における「プロジェクト終了までに検討すべき事項」として以下の3点が提言された。

（1）タシアンツェのパイロット・プロジェクトで直面した課題を関係者で共有して対応策をとるとともに、地方における計画策定・サービス実施を全国に展開するうえでの教訓とする。
（2）パイロット・プロジェクトおよびすでに実施されたICBP研修の成果・課題を踏まえたICBPのカリキュラムおよび教材の見直しをする。
（3）GNHCおよびDLGはCDSにおいてICBPの意義を明確に位置づける。

　（1）の教訓共有については、現地調査中の2010年9月24日にGNHC主催でDLG、財務省、RIM、認定トレーナー、パイロット・サイトであるタシアンツェ、チラン、ティンプーの計画官および地区行政官（Gewog Administration Officer：GAO）、LGDP1のパイロット・サイトで2010年8月の参加型地域社会開発（Participatory Local and Social Development：PLSD）研修に参加したHaa県の計画官が参加してワークショップが開催された。タシアンツェの計画官からはパイロット・プロジェクトからの教訓が数多く報告された。特に小額の資金を使って実際のプロジェクト形成・実施をした経験が、関係者に非常に多くの教訓をもたらした点が強調された。他方で、マスター・トレーナーであるRIMからはICBP研修の知識を実際の地方の計画・優先順位付けに反映することがまだ十分できていない実情が指摘され、研修を実際の現場でフォローする仕組みの必要性が提言された。
　（2）については、ジェンダーおよび気候変動などの横断的課題のカリキュラムへの反映が検討されているものの、未だ具体的な作業は始まっていなかった。現地調査時点で、CDSの策定中であるほか、県のセクター担当官向け研修、地区議員向け研修（2回目）が行われており、地方選挙を踏まえて地区長向け研修を行う予定となっていることから、こうした一連の動きが落ち着いてからカリキュラム改訂を検討していく予定である。

2－2　CDS策定状況とICBPの位置づけ

　終了時評価の提言（3）にも関連するCDSの策定状況であるが、9月にDraft Strategy Paperが作成されたが、キャパシティ・ディベロップメント（Capacity Development：CD）の概念的要素が多くを占めており、ブータンの状況に見合った能力強化の具体的な計画が十分見えておらず、ICBPの位置づけも未だ明確に記載されていなかった。しかしながら、9月24日のワークショップでDLGから次のような意向が示された。
・ICBPによる人材育成は引き続き継続していく。
・新しいカリキュラムの形成はICBPの一部としてデザインしていく。
・ICBPはCDSの一部として位置づける。

　こうしたことから、CDSは地方を含む行政官の能力開発の全体的な枠組み、考え方を示し、ICBPはそれを実現するための具体的な方策の一つとして位置づけられることになる見込みである。

そのため、今後はCDSや地方開発計画マニュアル（Local Development Planning Manual：LDPM）、アニュアル・グラント・ガイドライン（Annual Grant Guideline：AGG）といった新たに出された人材、計画、予算枠組みに合わせる形でICBPの対象や内容を改訂することが求められる。

２－３　ICBP 研修の実施計画・予算

　2010 年度の ICBP 研修については、DLG で計画し、８月に県のセクター担当官向け研修、９月に地区議員向け研修の２回目が実施されている。また地方選挙を踏まえて地区長向けの研修も計画されている。ICBP 研修予算については、地方行政支援プログラム（Local Government Support Programme：LGSP）枠組みから能力開発交付金（Capacity Development Grant：CDG）が充てられることになっている。現在 DLG で年間ワークプランを作成中で、そこで CDG の支出枠組みも形成している。今後はこの支出枠組みの中で ICBP 研修予算が充てられる予定。他方で、LGSP も 2013 年で終了するため、2013 年以降の研修予算をいかに確保していくかについて、時間をかけて検討していく必要がある。

２－４　地方での ICBP 研修の実状

　現地調査では、LGDP２のパイロット・サイトの一つであるチラン県の地区議員向け Planning & Prioritization 研修に立ち会えた。当該研修は 2010 年１月に続く２回目で、講師となる GAO および受講者である地区議員とも１回目の研修を踏まえてより問題意識を明確にし、内容的にも踏み込んだものになっていた。１回目の研修後、ある地区では優先順位付けの結果、当初農村道路の事業予定が灌漑に変わったという例も報告された。

　１回目の ICBP 研修後は、地区議員はそれぞれの Chiwog（コミュニティ）に戻り、Public Meeting で各世帯の代表が作った要望事業リストを集約して事業の優先順位付けをした。各 Chiwog で出された事業プロポーザルを地区レベルでいかに優先順位付けして計画に反映するかについてはなお課題とされている（多くの地区では、結局五カ年計画をもとにした年間計画に沿って、ほぼそのまま事業化しているのが実態のようである）。

　ICBP 研修に参加した地区議員および地区長／副地区長に今回の地方選挙に立候補するべく登録をしたかどうかを聞いたところ、識字に問題があるメンバー以外はみな登録をしたという返答が返ってきた。地域にもよるが、地方レベルまで中央の政党政治が浸透している様子はあまりなく、当該地域の中でのリーダー格がそのまま選挙に出るという形になりそうである。地区長選挙については、訪問した地域でも４人の候補が立候補を予定しているとのことで、当該地区内での力関係により複数候補が出る形になっているようだ。

２－５　GAO の役割・機能の重要性

　現地調査を通じて、中央・地方を通じたほぼすべての関係者から GAO の役割・機能の重要性が指摘された。

　GAO は ICBP 研修における地区議員向け講師として重要な役割を果たしているが、彼ら自身が研修後のフォローをしているわけではない。現状では事業の実施段階で GAO が関係するケースが多いようだ。そのため、地区議員向けの研修を講師である GAO 自身がフォローできるようなミッションを担わせることが GAO の役割を高めることにつながると考えられるため、今後は GAO 自身の能力向上とともに、GAO の能力が発揮できるための環境整備も必要とされる。

GAO のキャリア・パスについては、公務員人事委員会（Royal Civil Service Commission：RCSC）によると、新卒 GAO は S 1 クラスであるが、4 年勤めると P 5 にあがり、以降基本的には同様の期間で P 4 - 3 - 2 と昇進していくとのこと（P 3 より上が Senior GAO となる）。P 5 以降は中央のポストにも応募する資格を有する。辺境地勤務、高地勤務にそれぞれ給与面、昇進面で一定のボーナスポイントがつく。

　研修については、一度海外への研修に参加すると、その後 4 年間異動ができない仕組みになっている。GAO 向けの研修については、DLG および RCSC とも非常に前向きに検討をしており、新規プロジェクトでは GAO 同士の情報共有の機会とともに GAO 向けの本邦研修機会も提供し、双方を効果的に結びつける仕組みが求められる。

２－６　RIM の位置づけ

　LGDP 2 では RIM が ICBP 研修のマスター・トレーナーとして研修カリキュラム・教材作成、TOT において中心的役割を果たしてきた。

　RIM は Center for Local Governance and Civil Society を設立し、その予算で現在の 4 人から 7 人の専任講師に増加させる計画を持っている。他方で、RIM 自身が政府機関としての身分を有しつつ、より独立的な機関となること、RIM 以外の公的／民間のコンサルタントが出てきたことから、DLG としては必ずしもすべてを RIM に担わせるのではなく、他の機関にも門戸を開いたうえで適切な機関と提携したい意向をもっている。

　RIM が現在唯一のマスター・トレーナーを有し、能力的には他よりも一段優れたものを持っていることには変わりないが、人数を増やしたとしてもなお ICBP 研修およびその後のフォローにかかるすべての業務を担うには人数が足りない状況であることをかんがみると、本プロジェクトにおいては領域を絞ったうえで RIM に担ってもらう業務、他のコンサルタントに門戸を広げる業務を分けて検討していく必要があるだろう。

２－７　LGSP との連携

　ブータンの地方分権化の枠組み形成については、UNDP およびデンマークなどによるマルチドナー枠組みである LGSP がある。CDS、LDPM、AGG といった枠組みはすべて LGSP によるものであり、LGDP が貢献してきた ICBP による人材育成もこうした LGSP の枠組みと調和していくことは不可欠である。LGSP の期間は第 10 次五カ年計画の終了と同じ 2013 年であるため、本プロジェクトもこの期間をカバーする形でデザインし、人材育成面からの LGSP 枠組みを強化していく意味で密接な連携が必要となるだろう。

第3章　プロジェクトの概要

３－１　プロジェクトの名称

　要請時は「地域開発のための地方行政官育成プロジェクト」という名称で、内容も LGDP ２とは別の対象（県知事・副知事等）への研修や地方行政システム（One Stop Service）の構築を主眼としていた。

　しかし、ブータン側と協議の結果、One Stop Service の構築よりも、ICBP を基軸にした持続的な GAO の人材育成体制の構築が、より重要な協力課題として先方政府から強い要望があった。また地方選挙の遅れもあり、当初 LGDP ２で実施予定であった地区長向けの ICBP 研修も実施できておらず、ICBP 研修全体のモニタリング・評価（Monitoring and Evaluation：M&E）と併せて本案件での協力内容とすることになった。そのため、協力内容が要請時と比べて、より LGDP ２の成果を踏まえた発展形としての内容となり、これまでの JICA の支援の継続性、一貫性の観点から名称を変更することが適当と判断された。また LGSP との引き続きの協調・連携が求められることから、当プログラムの関係のブータン政府機関およびドナーからの理解を得る観点からも、JICA の一連の協力として位置づけた名称であったほうが適切であると判断された。

　そのため、案件名称を「地方行政支援プロジェクト（LGDP）フェーズ３」とする。

３－２　プロジェクト目標と上位目標

（１）プロジェクト目標

　　地方開発の事業マネジメントに資する持続的な ICBP 研修実施のための仕組みが確立される。

（２）上位目標

　　ICBP の実施を通じて、ターゲット県・地区が住民ニーズを汲んだ開発計画を策定し、事業を実施することができるようになる。

　　＜考え方＞

　　本支援の一連の取り組みで最終的に目指すべき姿としては、地方（県・地区）が住民ニーズを反映した計画策定・事業実施ができるようになることであるため、目標設定はそうした方向性につながるものである必要がある。

　　他方で、LGDP ２では ICBP 研修の確立までで、地方の計画・事業能力につながるためには、ICBP 研修そのものの持続的実施が不可欠な条件となっている。そこで、次の３年間の協力目標としては、地方の計画・実施能力の向上を意識しつつ、その前提となる「持続的な ICBP 研修実施の仕組みの確立」とした。

　　プロジェクト目標（の達成）を踏まえた方向性としては、地方の計画・実施能力が向上することを目指すものであるが、プロジェクト期間中にすべての県・地区の研修成果の適用をフォローできるわけではないため、プロジェクト終了後３年程度の達成目標（＝上位目標）としてはプロジェクトの「ターゲットとする県・地区の計画・実施能力の向上」とした。

　　他方で、プロジェクトで確立した仕組みにより持続的な ICBP 研修を実施し、そのフォローをしていくことにより、全国の県・地区の計画・実施能力を向上させることが最終目標（＝

スーパーゴール）である。

３－３　アウトプットの構成

　各アウトプットは以下のとおり。それぞれの構成については、プロジェクトイメージ図（付属資料１）を参照。各アウトプットに基づく活動は PDM（付属資料２）を参照。
１．持続的な ICBP 研修のマネジメントに必要な能力が強化される。（主に DLG）
２．持続的な ICBP 研修の実施・改訂に必要な能力が強化される。（主に RIM）
３．ターゲット県の GAO の ICBP 研修を踏まえた開発計画策定および事業実施にかかる教訓が取りまとめられる。（主にターゲット県・地区）
４．地方開発計画・事業実施の Good Practice をターゲット県内外で共有するための仕組みが確立される。（主に DLG）

＜アウトプット別の活動の留意点＞
（１）ICBP 研修マネジメント
　　　　研修実施主体が GNHC から DLG に移行したことによる DLG 自身の能力強化である。具体的には、研修実施におけるスケジュール・予算・人員体制にかかる計画策定・マネジメントに対する支援である。また CDS、LDPM、AGG といった新たな枠組みを踏まえた ICBP の改訂（対象・内容）にかかる検討も大きな要素である。さらに、持続的な研修改訂の仕組みとして研修の M&E の仕組み（フォーマット・実施方法など）を確立させることも重要である。この部分については、基本的には DLG 側のオーナーシップに基づく活動であり、JICA 専門家は必要に応じての助言・相談にとどまる。ただし、ICBP 研修実施経費については、ターゲット県分について予算支援をする。

（２）ICBP カリキュラム・教材開発・改訂、TOT 実施
　　　　アウトプット１を踏まえた具体的なカリキュラムや教材改訂もしくは新規開発である。実施主体は DLG からの委託のもと RIM もしくは他のローカルコンサルタントが担う。選定については、プロジェクトが開始されてから専門家と DLG の双方で協議していくことになるが、現行のマスター・トレーナーが RIM なので、その部分をいかに尊重していくかがカギとなる。またカリキュラム改訂については、現行の ICBP 研修すべてのカリキュラムを範囲とするのか、Planning & Prioritization などの主要な部分だけに絞るのかといった点もプロジェクト開始後に検討していくこととする。
　　　　TOT については、現行の 10 人の認定トレーナーリフレッシャー研修を実施するだけでなく、205 の地区をカバーすべくより多くの認定トレーナー候補をリクルートし、新たに研修をしていくことも必要である。

（３）ターゲット県内の地区の計画策定・事業実施のフォロー
　　１）ターゲット県の選定
　　　　地理的状況や過去の支援実績、キーパーソンの存在などをかんがみて、DLG よりトンサ、チュカ、ペマガツェルの３県が候補として出された。しかし、選定には各県の実情はもちろん、県および地区関係者のコミットメントも得ておく必要があることから、現地調査中

には決定せず、プロジェクト開始後 3 ヵ月以内に決定することとした。またターゲット県の活動フォロー地区については、県内すべての地区とするか、県内の数地区に絞るかについても併せてプロジェクト開始後に検討していくこととした。

2）ターゲット地区の活動フォロー方法

ターゲット地区の活動フォローには、GAO や計画官がその役割を担うことが望ましいが、現状では時間や能力にも限界があるため、GAO の講師役である認定トレーナーをコンサルタントとして投入し、ICBP 研修後の Chiwog レベルの検討から地区での優先順位付け、計画策定、事業実施、事業 M&E にいたるプロセスをフォローすることとした。そのフォローの一環として、過去のフェーズでも実施した他の県・地区へのスタディツアーも実施する。

3）Seed Money の有無

ターゲット地区の活動フォローにおいて、大きな議論となったのが、Seed Money の扱いである。LGDP 1、2 ではアニュアル・グラントも本格導入されていなかったために、JICA から Seed Money を入れて事業を実施することを通じて、県や地区が優先順位付けや計画策定を学んだという効果があった。現状ではアニュアル・グラントの事業では年間計画をそのまま実施する形が多く、新たに Chiwog からの優先順位付けを反映する形で事業をするには、別途 Seed Money を入れて、JICA プロジェクトからも頻繁にモニタリング・チェックすることが有益であるとの見方もあった。しかし、本プロジェクトではすでにアニュアル・グラントが本格導入されているなかで、本来的にはアニュアル・グラントによる事業そのものに優先順位付けを反映させていく必要があること、アニュアル・グラント事業の実施だけでも県のエンジニアやセクター担当官との調整が大変なため、別途 Seed Money をつけると新たな事業としての調整コストを増やす結果になる（それによって本来のアニュアル・グラントの事業がおろそかになる可能性もある）こと、ターゲットとなる県や地区には Seed Money という形ではなくプロジェクトを計画・実施していくために必要な能力を得る機会そのものに対してコミットをしてほしいことをかんがみて、事業そのものに対する Seed Money は入れないこととした。

4）第 11 次五カ年計画のフォロー

ターゲット県・地区のフォローでもう一つ大切なことは、第 11 次五カ年計画の策定フォローである。2012/13 年度にその作業が行われることになっているが、GNHC が中央レベルの計画方針を踏まえて、県や地区の計画策定にかかる指導をすることになっている。五カ年計画の策定は ICBP にあるボトムアップの優先順位付けだけによるものではなく、そうした上位からの計画方針とも合わせていく必要があるため、ICBP 成果を実践しつつも、さらに別の配慮も必要となるため、この五カ年計画策定をプロジェクトとしてフォローしていくことは、後の年間計画や事業計画にも影響してくるため非常に重要な支援となる。

（4）Good Practice 共有のためのネットワーク

本案件ではいくつかの県内の地区しか ICBP 研修後の実践フォローができないため、ターゲット県・地区の活動経験や教訓を他の県や地区と共有することがターゲット活動の意義を高めることにつながる。またターゲットから漏れた県や地区においても JICA の支援とは関係なく自分たちなりの取り組みをしていることがあり、そうした取り組みを拾い上げていく

ことで、ICBP研修およびその成果活用にかかる底上げが期待できる。

　また、LGDP1、2を通じて、中央・地方双方のプロジェクト関係者が本邦研修に参加してきたが、帰国後の研修成果フォローが十分にできていないという反省もある。これまでの帰国研修員をネットワークとして、本邦研修の学びを広げていく基盤を形成していくことも狙いとしている。

　具体的にはターゲット県内の地区関係者（地区長、地区議員、GAOなど）によるワークショップを開催することにより、ターゲットの地区相互の経験・情報共有を図り、以後の自身のターゲット活動にも反映させることを期待したい。また、いくつかの県を合わせた地域もしくは全国レベルでのワークショップでは、県の関係者（県知事、副県知事、計画官、DYT議長など）やGAO同士が集まって、幅広く取り組み成果を共有するとともに、そうした取り組みを踏まえた県や中央の役割を明確化させていくことが期待される。地域や全国のワークショップの機会では、地方のGood Practiceに対して何らかの表彰をすることを検討すると、各地方にとってもモティベーションにつながるだろう（ただし、選考基準が公平になるよう検討しないと、却ってモティベーションを下げてしまう可能性もあるので要注意）。

　またこうした県内および地域／全国のワークショップで共有された取り組み経験・教訓を事例として取りまとめてCase Bookを作成することにより、ICBP研修の実践的な副教材としても活用されることが期待されている。このCase Bookは、アウトプット2のICBPの教材作成の一環としてRIMに担ってもらうことが望ましいが、実際にはDLGの意向も踏まえて作成を担うコンサルタントを検討していく。

３－４　プロジェクト期間・活動サイクル

　プロジェクト期間は要請段階では３年であったが、プロジェクトの活動サイクルを検討した結果、３年半とした。

　本プロジェクトはICBP研修を踏まえた地方での計画・実施をフォローすることになっているため、この計画・実施スケジュールを踏まえた活動サイクルとする必要がある。Chiwogや地区での優先順位付け、計画策定は毎年１月～３月であるため、ICBP研修後のフォロー期間もこの時期とする必要がある。これを前提に考えると、ICBP研修はその前に終わらせる必要があるため、９月～12月くらいの実施とする。本プロジェクトは2011年２月を目処に開始する予定であるが、開始から９月までがカリキュラム検討やTOT実施といった準備期間となる。こうした考え方を踏まえて作成されたのがTentative PO（付属資料３）である。

３－５　本邦研修の戦略的活用

　「３－３」のアウトプット４で本邦研修参加者のフォローとしてのネットワークが上げられたが、本プロジェクトにおいては、逆に研修後にICBP研修およびそれを踏まえたターゲット活動、そしてGood Practice共有ネットワークにいかにフィードバックさせるかを検討したうえで、戦略的に研修参加者の対象や研修内容、タイミングを検討していく必要がある。

３－６　青年海外協力隊との連携

　ターゲット県・地区に計画策定・事業実施の恒常的モニタリングを兼ねて青年海外協力隊（Japan Overseas Cooperation Volunteer：JOCV）を入れる案も出された。配置先・職種イメージは次のと

おり。
・県：土木（エンジニア）
（土木課職員としての行政経験があればなお良）
・地区：地方行政（町村職員）、村落開発普及員
（ブータンではこれまで村落開発普及員を入れた実績がないため、要請には事前の説明・交渉が必要）

３－７　プロジェクトの妥当性

本プロジェクトをこのタイミングで実施するにあたる妥当性は次の点にある。

（１）LGDP２は ICBP 枠組みの確立に力点があったため、制度構築を担う GNHC を C/P としていた。しかし、新しい地方自治法（2009）、AGG、LDPM、そして CDS と地方分権化にかかる地方行政強化の制度枠組みが整いつつあるなかで、ICBP も実施段階に入り、その主体を DLG に移行し、持続的な体制整備が求められている。こうした"制度構築→実施体制強化"への移行期に支援することにより、その後の自立的展開が期待できる。

（２）LGDP２の実施期間中に、CDS、LDPM、AGG といった新たな人材育成、計画策定、予算の枠組みができたため、先にできた ICBP はこうした新たな枠組みに対応する形で中身を改訂していく必要がある。

（３）LGDP２は ICBP 研修の立ち上げにかかる支援をしてきたが、今後は ICBP 研修の実施とともに、研修成果を地方の実際の計画・実施につながるようフォローしていくことが求められている。こうしたフォローによって見えてきた教訓・課題を ICBP 研修の改善にフィードバックすることによって、研修と実務との改善サイクルを作り出す必要がある。

（４）ブータンの地方分権化支援の中心的枠組みである LGSP が 2013 年までであり、JICA の支援もこの支援枠組みと協調する形でのデザインが求められるため、同時期の実施が求められる。

（５）2013 年に第 11 次五カ年計画がスタートするため、この策定プロセスを支援することが ICBP 研修の成果を体現する大きな機会である。

第4章　団長・団員所感

4－1　「社会開発」団員所感

4－1－1　LGDP 2 の成果

（1）ICBP は（名称変更の可能性はあるが）、CDS で重要な位置づけが与えられている。ICBP のような県・地区関係者対象の研修が系統的に全国展開されるとは以前は想像すらできず、白紙段階から政府と協力しながら今日の地位を築き上げた LGDP の尽力に敬意を表したい。

（2）ICBP は、ブータンが今日抱える諸々の制約のもと、最大限の効果を上げている。多くの地区議会で上意下達型の地域運営を変えようという機運が生まれ、地区議員向け研修を任された GAO にとっても自己研鑽の良い機会となっている。県のセクター担当官向け研修ではセクター担当官に県の中長期的な開発ビジョンを考える機会を提供したが、その結果は第 10 次五カ年計画の見直しに活用されるであろう。

（3）タシアンツェ県でのパイロット・プロジェクトから各地区の関係者（地区長や GAO など）はさまざまな教訓を学んでいる。また県の計画官もそれらを十分把握しており、今後の同県での開発事業に活かされていくことが期待できる。アニュアル・グラントではなかなか試みることのでない生計向上事業に取り組んだ経験は、同県の第 11 次五カ年計画策定にも役立つだろう。

4－1－2　本プロジェクトに向けて

（1）一般的に地区議員は学んだことを実践できる段階に至っておらず、今後は ICBP の成果が実際の地区の開発運営にも適用されるよう取り計らうことが望まれる（研修内容の改訂、イン・サービス・トレーニング、事後フォローアップなど）。次回の地方選挙からゾンカ語の読み書きのできる村人が地区議員として選ばれるので、地区において ICBP で学んだことが実施される見通しは今後高まっていくだろう。本プロジェクトではこれまでの教訓を踏まえて、研修成果が実際の地区の開発運営にも活かされるような支援に力が入れられることを望みたい。

＊ブータンでは、「民主化」や「分権化」に伴う機会や負担が必ずしも等しく分かち合えないことへの不安が多くの人たちの間で高まっている。こうした情勢に対処する意味でも、地域開発運営への関与が地区議員を通して草の根の人たちに広まっていくよう尽力することが望まれる。

（2）ブータンの行政制度では上意下達のしきたりが根強く残っており、それが ICBP の成果が実際の地区開発運営に十全に反映されていない要因の一つと考えられる。タシアンツェ県のパイロット・プロジェクトで地区関係者が新たな試みにチャレンジできたのも、政府予算とは別に JICA のプロジェクト資金があったからだろう。本プロジェクトのパイロット県でも同様の支援が供与されるならば、地区関係者にとっても ICBP の成果を試してみる良い機会となるのではないか。

（3）GAO は数日間の TOT 研修を受けただけで、後は、近くに住む者同士で助け合い、切磋琢磨しながら地区議員向け研修に取り組んでいる。四苦八苦することも少なくないようだが、トレーナーや上司（県職員）からは十分な事後フォローアップを受けられていない。また自分たちで工夫を重ねて研修内容・方法が向上しても上司に認めてもらうことがあまりなく達成感が得られないでいる。これまでは GAO に対するサポートは JICA 専門家／コンサルタントの現地訪問中のアドバイスや激励に拠っていた部分が大きいようであるが、DLG による系統的なコーチング体制づくりが進んでいくよう、LGDP からも後押しがあることを期待したい。

　＊他所に転進する途の開かれた GAO への支援を手厚くする際には、地域住民たち（地区長や地区議員を含む）に対する目配りが二の次になってしま（っていると地元住民が思）わないよう留意することが大切かもしれない。

（4）GAO が配置されてから 4 年経つが、職務内容、評価制度、人材育成などの面で能力が十全に伸ばされる制度には成り切ってない。また地区議員の労働条件は仕事内容に見合っておらず、能力とやる気を兼ね備えた人たちが地区議員になろうと思える体制を整えることが急務である。ICBP 研修の結果が地区レベルでより一層活かされるためにも、政府がこうした課題にどのように取り組んでいくのか注意深く見守る必要がある。

（5）DLG は（4）で述べたような課題を十分に認識しており、CDS の準備などを通してさまざまな対策を考案し始めている。本プロジェクトの C/P 機関としても積極的に関与してもらえそうである。DLG は地方制度の状況の視察や調査などのため、在ティンプ職員に定期的な地方訪問を課していく見通しであり、本プロジェクトでは是非とも JICA 専門家／コンサルタントは、DLG の C/P スタッフと一緒に現地訪問するよう取り計らっていただきたい。

（6）CDS 案では「demand-driven」という用語が使われている。地方関係者の間から CD に資する活動アイデアを募集して、選ばれたものを支援する形をとることで、「下から」の要望に応じようという案である。本プロジェクトでも同じように、「Good Practice 共有活動」をいつもプロジェクト側でお膳立てするのでなく、時には、地方関係者からアイデアを出してもらい、良いものがあれば提案者を中心に実施してもらうことがあってもよいのではないだろうか。

（7）現行の地方分権化では地区レベルに重きが置かれる一方、県への分権化はさほど手が付けられていない状態である。こうしたなか、県関係者の中には、「中央より十分な権限を与えられていないことが業務上の妨げになっている」と感じている人が少なからずいる。上述のとおり、県セクター担当官向け研修の成果は第 10 次五カ年計画の見直しに活用される見込みであるが、その際に県関係者が果たしてどういう障壁に出くわすのか、本プロジェクトでも注意深く見ていただき、必要に応じて DLG に進言をしていただけるならば、さらにプロジェクトの存在感も増すだろう。

４－２　団長所感
　４－２－１　本プロジェクトに向けての基本認識
（１）職位や所属省庁、中央と地方に従って主眼や表現は異なるものの、ブータン政府職員か
　らは地方分権の推進に向けて強い意欲が示された。ミッション滞在中には LGDP２のラッ
　プアップ・ワークショップが開催されたが、その場においても熱意と深い関心のこもった
　意見交換がなされて、本プロジェクトの実施に向けても有意義な場となった。また、チラ
　ン県を視察した折には、二人一組になった GAO による地区議員向け研修の場に同席する
　機会があったが、若い GAO が年配の地区議員に講義をしている情景は、「Bhutan in
　transition」を象徴しており、我々の協力事業の意義を再確認した。

（２）地方分権政策によって形成される環境の解釈に地方ごとにばらつきがあっては社会の混
　乱を招きかねない。国家行政と地方行政、地方行政間で一定のスタンダードが共有されて
　こそ、足並みをそろえた分権環境が形成される。上記のワークショップでも議論されたが、
　ICBP は地方行政が備えるべき「ミニマム・ベイシック」を研修するためのツールであり、
　その意味においてこそ現在のブータンにとって必要不可欠な価値を持つものと考えられ
　る。

（３）今後も ICBP への支援を継続する必要性は、以下の視点からも確認できた。
　　１）2010 年中に実施される予定の地方選挙により、多くの新人議員の誕生が予想されてい
　　　る。これら議員に対する研修の必要性。
　　２）新しい分権環境形成要素（①ICBP 研修の実施主体が GNHC から DLG へ移管されたこ
　　　と、②LDPM と③AGG の発行、④CDS が策定中であること）の ICBP 研修への取り込み
　　　の必要性。
　　３）LGSP レビューや事業の実施を通じて得られた経験や教訓を ICBP の内容に反映させる
　　　必要性。
　　　更には、策定中の CDS の中で ICBP が重要な位置づけを持つという認識が広範に共有さ
　　れている事実も重要である。

　４－２－２　本プロジェクトの活動内容について
（１）本邦研修の戦略的位置づけ
　　　LGDP２の終了時評価報告で言及されているとおり、本邦研修はプロジェクトの投入要
　素として明確に位置づけることが必要である。ミッション滞在中には、チラン県知事、DLG
　局長、内務・文化省事務次官から、特に若い GAO の本邦研修に対する強い期待感が寄せ
　られた。国内の受入れ機関との十分な打ち合わせに加えて、公共政策部担当職員、国際協
　力専門員の部分的派遣等の追加的措置を積極的に取り入れることが望ましい。次の諸点に
　は、特に留意すべきである。
　・研修員派遣前の準備（研修目的の周知徹底、配属機関上司との研修意義の確認、帰国後
　　の活動確認：セミナー等の開催、業務計画・アクションプランの完成と実施等）
　・研修記録の徹底
　・必要に応じた"コーチ役（国内支援委員、公共政策部担当職員、国際協力専門員等)"

の国内受入れ機関への追加的派遣
・帰国後のフォロー（上記帰国後の活動促進、帰国研修員同窓会の機能化等）

（２）対象地域の選定について
　　本プロジェクトにおいては、小規模農村開発事業を実施するための予算措置としてアニュアル・グラントを前提とし、地区レベルの事業計画策定と事業実施過程を重点的にモニターする地域（仮称 IMA：intensive monitoring area）を選定する方向で協議した。選定基準については、①東部・西部・中部・南部地域の枠組み、②貧困指標、③JICA の他の事業との相乗効果、④第 11 次（次期）五カ年計画の重点目標等が挙げられたが、今次ミッションでは合意形成を目指さず、本プロジェクトの活動に「対象地域選定」を含めることとした。これは、
・不十分な情報に基づいて対象地域を設定した結果、事業実施段階で困難な課題を抱える事態となった経験があること
・地域選定の多くの局面で技術移転の可能性や有意義な意見交換の場が想定されること
　による。特に DLG は中央政府機関としての実務経験の蓄積に乏しいため、関係者・機関との意見調整や情報収集・分析が求められる地域選定の実務経験を持つ機会としてこの活動を位置づけることに意義があると考えられる。

（３）ICBP の改訂・改善について
　　ICBP 研修の内容を進化させるために、次の２つの情報源を設定した。
　１）上記の IMA からのモニタリング情報
　　　ここには既存の認定トレーナーを貼り付ける方向だが、認定トレーナーに対する業務指示に「ICBP 改善のための提言の作成」を含める。
　２）GAO からの要望
　　　GAO 県大会、GAO 地域大会、GAO 全国大会という段階的な業務報告会を設け、それぞれの大会において GAO 研修の改善要望をまとめる作業部会を設置し、DLG に対する公的な要請の場とする。また GAO に対するインセンティブのひとつとして、それぞれのレベルで優秀賞等を授与することも検討する方向である。
　　こうして、認定トレーナーと GAO という２つの異なる立場から ICBP の改善に向けた情報が集約されると期待できる。後者は日本の農業改良普及員、生活改良普及員の育成に効果的であった手法（研修内容の要請は含まれていない）であるが、DLG からは人材育成の手法として関心が示され、これらの大会の実施要領について、その詳細に関する情報提供依頼があった。優秀者あるいは優秀な事業の選考基準や選考方法に透明性、機会均等が求められることは指摘するまでもないが、我が国の経験を活かす方向で検討が進むことを期待する。

４－２－３　その他
（１）県と地区①
　　LDPM にはこれら異なるレベルで実施される開発事業の性格の違いについて言及されてはいるが、十分ではない。一般的に行政レベルが上がるにつれて、より長期的な視点に立

った開発課題への取り組みが求められると考えてよい*（「国家百年の大計」という言葉に示されるように。地方分権はこれに該当する。分権環境の整備は国の事業である）。LDPMには、こういった視点を取り込むことが必要である。
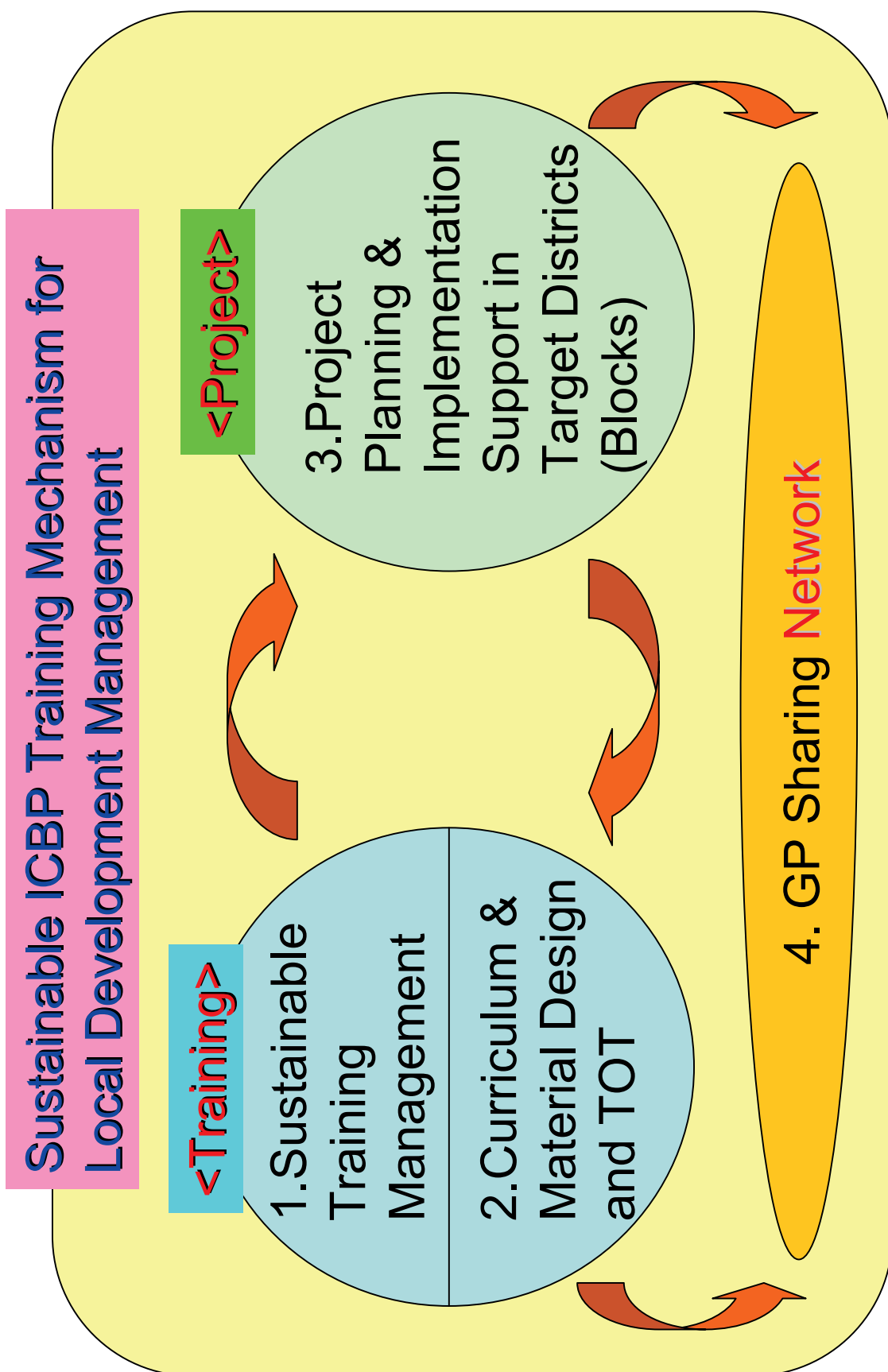
（２）県と地区②

　　地区レベルで優先されるのは、小規模の農村インフラ整備事業がほとんどである（農道整備、給水、灌漑等）。限られた資金（資源）をより有効に使うためには、これらインフラ事業を個々の村落で実施するのではなく、県レベルで取りまとめて事業化することが検討されてよい。策定中の CDS にもこの必要性が指摘されている。県レベルでの計画能力が向上することによって、地区レベルでの事業計画能力の向上につながる相乗効果を期待できる。すなわち、県道と村道の連結、水源の有効利用による複数地区の灌漑整備や給水事業などにつながる可能性が開ける。本プロジェクト期間中には第 11 次五カ年計画の策定作業があるが、これらの視点を含めることが検討されてよいだろう。

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*今回訪問したチラン県の森林官から「土壌保全や植林などは短期的なベネフィットが得にくいため、地区レベルでの計画では優先されない」という嘆きが発せられたが、よく理解できる。

付 属 資 料

1．プロジェクトイメージ図

2．プロジェクト・デザイン・マトリックス（PDM）

3．Tentative Plan of Operations

4．Tentative Division of Labors for Project Implementation

5．Minutes of Meeting

6．Record of Discussion

7．Capacity Development Strategy（Draft in Aug.,2010）

8．Annual Grant Guidelines

9．Local Development Planning Manual

LGDP3

Sustainable ICBP Training Mechanism for Local Development Management

<Project>

3.Project Planning & Implementation Support in Target Districts (Blocks)

<Training>

1.Sustainable Training Management

2.Curriculum & Material Design and TOT

4. GP Sharing Network

２．プロジェクト・デザイン・マトリックス（PDM）

プロジェクト名：地方行政支援プロジェクト フェーズ3
実施機関：内務文化省 地方行政局（DLG）
プロジェクト期間：3.5年間（2011.2～2014.8）
ターゲットグループ：地方行政局職員、ターゲット県・地区スタッフ・議員
ターゲット県・地区：3県程度（プロジェクト開始後3ヶ月以内に決定）

第1版　2010年12月16日

Narrative Summary	Objectively Verifiable Indicators	データ入手手段	外部条件
上位目標			
総合人材育成計画（ICBP）の実施を通じて、ターゲット県・地区が住民ニーズを汲んだ開発計画を策定し、事業を実施することができるようになる。	ターゲット地区において、村からのプロポーザルを優先順位化した結果が地区事業の80%以上に反映される。	地区の年間開発計画、事業実施計画書	
	ターゲット県において、ターゲット地区レベルの事業経験共有のワークショップが継続的に実施され、県からの支援方策が改善される。	ワークショップ開催記録、県からの支援実績	
プロジェクト目標			
地方開発の事業マネジメントに資する持続的なICBP研修実施のための仕組みが確立される。	a. ICBP研修の持続的実施のための計画と予算が明確になる。	ICBP実施計画、予算枠組み	県および地区レベルの計画策定および事業実施に必要な制度および組織間調整の枠組みが整備される。
	b. ICBP研修における持続的なカリキュラム・教材の改訂体制・計画が確立される。	カリキュラム、教材の改訂体制・計画 TOT実施体制・計画	
	c.ターゲット地区における開発計画策定・実施にICBPの内容が反映される。	改訂ICBP、ICBP実施計画	
	d. ICBP研修を踏まえた県・地区の開発計画および事業実施の支援方策が明確化され、必要な体制が検討される。	ターゲット県・地区のレポートを踏まえたDLGでの検討記録、インタビュー	
アウトプット			
1　持続的なICBP研修のマネジメントに必要な能力が強化される。	1-a. ICBPの対象および内容が改訂される。	改訂ICBP	ICBP以外に地方人材育成にかかる包括的実施枠組み・予算が設立されない。（但し、ICBPを元にし、より発展的な地方人材育成枠組みに移行することは否定しない。）
	1-b. ICBP研修にかかる年次計画が策定され、予算措置がされる。	ICBP年次計画、予算計画	
	1-c. ICBP研修の評価方法が確立し、その結果がまとめられる。	ICBP評価フォーマット、評価結果集計	
2　持続的なICBP研修の実施・改訂に必要な能力が強化される。	2-a. ICBP研修のカリキュラムが改訂される。	改訂ICBP	
	2-b. ICBP研修の教材が改訂および補足される。	ICBP教材	
	2-c. 新規研修カリキュラムに見合った教材が開発される。	ICBP教材	
	2-d. TOTリフレッシャーコース（認定トレーナーおよびGAO向け）が年1回実施される。	TOT実施報告	
	2-e. 新規TOTが3年1回実施される。	TOT実施報告	
3　ターゲット県の地区行政官のICBP研修を踏まえた開発計画策定および事業実施にかかる教訓が取りまとめられる。	3-a. ターゲット地区における80%の村が事業計画の優先順位付けができるようになる。	村レベルでの住民会合記録、地区議員インタビュー 村からの事業プロポーザル	
	3-b. ターゲット地区において、村からのプロポーザルに事業の優先順位付けをし、1つ以上事業化される。	地区議会記録、地区長、地区議員インタビュー 地区での事業実施計画書	
	3-c. ターゲット地区において、年2回以上事業モニタリング／評価が実施され、事業の優先順位付けに反映される。	モニタリング／評価実施報告書 村レベルでの住民会合記録、地区議員インタビュー	
	3-d. ターゲット県・地区・村レベルで、第11次5カ年計画策定にかかる会合・ワークショップがそれぞれ2回以上実施される。	会合、ワークショップ記録	
	3-e. ターゲット県別に地区・村レベルでの開発計画策定および事業実施上の教訓がまとめられる。	ローカルコンサルタントによるレポート、県および地区からのレポートもしくはワークショップ記録	
4　地方開発計画・事業実施のGood Practiceをターゲット県内外で共有するための仕組みが確立される。	4-a. ターゲット県が地区長およびGAOによる県内のワークショップを年2回以上開催する。	ワークショップ開催記録	
	4-b. DLGが各県・地区および他国の事業計画・実施の経験共有のためのワークショップ・実施の取り組みを共有するための地域もしくは全国レベルの会合を年1回以上実施する。	ワークショップ開催記録	
	4-c. 地区レベルの事業計画・実施にかかわる教訓・示唆に富んだ事例を集約したGood Practiceケースブックが作成される。	Good Practiceケースブック	

Narrative Summary (Activities)	投入	外部条件
	ブータン側	プロジェクト実施にかかるDLGおよび関係機関の人材が確保される。
Activities	プロジェクト関連人材 (1)プロジェクト・ディレクター(DLG) (2)プロジェクト・マネジャー(DLG) (3)カウンターパート(CP)職員(DLG) (4)関係機関人材(GNHC, etc.)	
1-1 能力開発戦略(CDS)、地方開発計画マニュアル(LDPM)、アニュアル・グラント・ガイドライン(AGG)を踏まえたICBP研修の対象、内容を再検討する。		
1-2 カリキュラム・教材の作成・改訂に必要な計画を立て、必要な予算を措置する		県・地区関係者から開発計画策定および事業実施フォローにかかるコミットメントが得られる。
1-3 ICBP研修の実施にかかる計画を立案し、実施する。	プロジェクト執務室、執務用資機材	
1-4 ICBP研修を全国レベルで計画的に実施する。		
1-5 ICBP研修成果の自身の業務への適用を評価する。	プロジェクト実施経費 (1)ICBP研修実施経費 (2)県・地区での開発事業予算(アニュアル・グラント) (3)県・地区モニタリングに必要なCP側の旅費 (4)ICBPカリキュラム・教材改訂およびTOT実施経費	
1-6 1-5の評価結果を取りまとめ、ICBP研修の内容・実施方法などの改善策を検討する。		
2-1 既に実施されたICBP研修の教訓を踏まえて、適宜ICBP研修のカリキュラムを見直す。(※)		
2-2 1-1を踏まえた新規研修(GAO向け)研修のカリキュラムを作成する。		
2-3 2-1、2-2を踏まえた教材の改訂および新規開発を行う。		
2-4 既存講師のリフレッシャー研修および新規講師向けTOTを実施する。		
3-1 ICBP研修を踏まえた開発計画策定およびフォローするターゲット県およびターゲット地区を選定する。	**日本側**	**前提条件**
3-2 ターゲット地区における開発計画策定を支援するローカルコンサルタント(認定トレーナー)を選定する。	日本人専門家 (1) 長期専門家(地方人材育成) 42人月 (2) 短期専門家 3～4人月/年	
3-3 地区長／副地区長、地区議員向けICBP研修を踏まえて事業実施および計画策定を支援する。		
3-4 地区計画官(GAO)向けにコミュニティファシリテーションおよび事業計画策定支援研修を実施する。	ローカルコンサルタント (1)地方開発計画・事業実施支援 (2)Good Practiceケースブック作成 (3)その他(必要に応じて)	ブータンの政策による地方行政強化にかかる政策もしくはICBPないしは地方人材育成の重要性が変わらない。
3-5 ICBP研修を踏まえて、地区議員および地区計画担当官が村レベルでのアクセスおよび村レベルでの優先順位付けに必要なニーズを分析する。		
3-6 地区スタッフおよび県担当官の支援を得つつ、計画された事業を実施する。		
3-7 地区スタッフが県担当官からの支援を得つつ、事業モニタリング・評価を実施する。	本邦／第三国研修	
3-8 地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価を実施する。		
3-9 地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価結果を得つつ、村レベルのニーズ洗い出しおよび地区計画策定にフィードバックする。	資機材供与(必要に応じて)	
3-10 3-3～9の経験を踏まえて、地区スタッフが村担当官、地区レベルの5カ年計画を策定する。		
3-11 地区における開発計画策定および事業実施上の教訓が取りまとめられる。		
4-1 ターゲット県内において各地区での取り組みを共有するためのワークショップを実施する。	在外事業強化費 (1)ローカルコンサルタント傭上費 (2)ターゲット県における各ICBP研修実施経費 (3)ターゲット県内での地区・村レベルのワークショップ・フィードバックワーク実施経費 (4)経験共有セミナー実施経費 (5)プロジェクト運営費 (6)その他(必要に応じて)	本案件がLGSP等の地方行政強化にかかる他ドナー支援枠組みと協調している。
4-2 各県・地区での計画・実施の取り組みを共有するためのターゲット別の全国・地域毎/地区別の全国会議を実施する。(県・県知事、計画官など、地区・地区長、GAOなど)		
4-3 日本・第三国における地方開発計画・事業実施・研修の取り組みを研修し、ターゲット県別の全国会議で共有する。		
4-4 4-1～3で共有された取り組みからGood Practiceケースブックを作成する。		

※既存のICBP研修のカリキュラム見直しの対象範囲は別途検討。

３．Tentative Plan of Operations

日本会計年度 / ブータン会計年度 / 計画・実施プロセス

ICBP研修実施

1. 持続的なICBP研修のマネジメントに必要な能力が強化される。

1-1. 能力開発戦略（CDS）、地方開発計画（LDP）、アニュアル・グラント・ガイドライン（AGG）を踏まえたICBP研修の対象、内容を再検討する。

1-2. カリキュラム・教材の作成・改訂に必要な体制を整備する。

1-3. ICBP研修の実施にかかる計画を立て、必要な予算を措置する。

1-4. ICBP研修を全国レベルで計画的に実施する。

1-5. ICBP研修成果の自身の業務への適用を評価する。

1-6. 1-5の評価結果を取りまとめ、ICBP研修の内容・実施方法などの改善策を検討する。

2. 持続的なICBP研修の実施・改善に必要な能力が強化される。

2-1. 既に実施されたICBP研修の数回を踏まえて、適宜ICBP研修のカリキュラムを見直す。

2-2. 2-1を踏まえた新規研修（GAO向け研修）カリキュラムを作成する。

2-3. 2-1、2-2を踏まえた教材の改訂および新規開発をする。

2-4. 既存研修講師のリフレッシュ研修および新規講師向けTOTを実施する。

3. ターゲット県の地区行政官のICBP研修を踏まえた開発計画策定および事業実施にかかる数回が取りまとめられる。

3-1. ICBP研修を踏まえた開発計画策定および事業実施をフォローするターゲット県および地区を選定する。

3-2. ターゲット地区における開発計画策定および事業実施を支援するローカルコンサルタント（認定トレーナー）を選定する。

3-3. 地区議員／副地区長、地区議員向けICBP研修の計画・実施にかかる補足的なセミナーおよびスタディツアーを実施する。

3-4. 地区計画官（GAO）向けにコミュニティリサーチおよびアクションリサーチにかかる支援研修を実施する。

3-5. ICBP研修を踏まえて、地区議員およびGAOが村レベルでのアセスメントおよび優先順位付けに必要なフィールドワーク、ワークショップを実施する。

3-6. 地区スタッフおよび県担当官が県レベルから上がってきたニーズを分析し、事業・予算計画を策定する。

3-7. 地区スタッフが県担当官からの支援を得つつ、計画された事業を実施する。

3-8. 地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価を実施する。

3-9. 地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価結果をニーズ洗い出しおよび地区計画策定にフィードバックする。

3-10. 3-3～9の経験を踏まえて、地区スタッフが県担当官からの支援を得つつ、地区レベルの5カ年計画を策定する。

3-11. 地区における開発計画策定および事業実施上の数回が取りまとめられる。

4. 地方開発計画・事業実施のGood Practiceをターゲット県内外で共有するための仕組みが確立される。

4-1. ターゲット県内において各地区での計画・実施のワークショップを実施する。

4-2. 各県・地区での計画・実施の取り組みを共有するためのターゲット県以外の全国／地域会議を実施する。（県：県知事、計画官など、地区：地区長、GAOなど）

4-3. 日本・第三国における地方開発計画・事業実施の取り組みを研修し、ターゲット県別の全国会議で共有する。

4-4. 4-1～3で共有された取り組みからGood Practiceケースブックを作成する。

※合同調整委員会（JCC）は年1回開催する。

4．Tentative Division of Labors for Project Implementation

	DLG	GNHC	T.Dis.	T.Blc.	RIM	LCs	JICA
1.持続的なICBP研修のマネジメントに必要な能力が強化される。	◎						
1-1.能力開発戦略(CDS)、地方開発計画マニュアル(LDPM)、アニュアル・グラント・ガイドライン(AGG)を踏まえたICBP研修の対象、内容を再検討する。	◎	○					技術的助言
1-2.カリキュラム・教材の作成・改訂に必要な体制を検討する。	◎						コンサルテーション
1-3.ICBP研修の実施にかかる計画を立て、必要な予算を措置する	◎						コンサルテーション
1-4.ICBP研修を全国レベルで計画的に実施する。	◎	○					ターゲット県分の研修実施予算支援
1-5.ICBP研修成果の自身の業務への適用を評価する。	◎						技術的助言
1-6.1-5の評価結果を取りまとめ、ICBP研修の内容・実施方法などの改善策を検討する。	◎	○					技術的助言
2. 持続的なICBP研修の実施・改訂に必要な能力が強化される。	○				◎	○	
2-1.既に実施されたICBP研修の教訓を踏まえて、適宜ICBP研修のカリキュラムを見直す。	○				◎	○	技術的助言および予算支援
2-2.1-1を踏まえた新規研修（GAO向け研修）カリキュラムを作成する。	○				◎	○	技術的助言および予算支援
2-3.2-1、2-2を踏まえた教材の改訂および新規開発をする。	○				◎	○	技術的助言および予算支援
2-4.既存講師のリフレッシャー研修および新規講師向けTOTを実施する。	○				◎	○	技術的助言および予算支援
3.ターゲット県の地区行政官のICBP研修を踏まえた開発計画策定および事業実施にかかる教訓が取りまとめられる。	○		◎	◎	○		
3-1.ICBP研修を踏まえた開発計画策定および事業実施をフォローするターゲット県および地区を選定する。	◎						コンサルテーション
3-2.ターゲット地区における開発計画策定および事業実施を支援するローカルコンサルタント（認定トレーナー）を選定する。	◎						技術的助言およびコンサルタント経費支援
3-3.地区長／副地区長、地区議員向けICBP研修を踏まえて、開発事業の計画・実施にかかる補足的なセミナーおよびスタディツアーを実施する。	○			○		◎	技術的助言およびコンサルタント経費支援
3-4.地区計画官(GAO)向けにコミュニティファシリテーションおよび計画策定支援研修を実施する。	○			○		◎	技術的助言およびコンサルタント経費支援
3-5.ICBP研修を踏まえて、地区議員およびGAOが村レベルでのアセスメントおよび優先順位付けに必要なフィールドワーク、ワークショップを実施する。	○			◎		○	技術的助言およびコンサルタント経費支援
3-6.地区スタッフおよび地区議員が県担当官からの支援を得つつ、村レベルから上がってきたニーズを分析し、事業・予算計画を策定する。	○	○	○	◎		○	技術的助言およびコンサルタント経費支援
3-7.地区スタッフが県担当官からの支援を得つつ、計画された事業を実施する。	○		○	◎		○	技術的助言
3-8.地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価を実施する。	○	○	○	◎		○	技術的助言およびコンサルタント経費支援

	DLG	GNHC	T.Dis.	T.Blc.	RIM	LCs	JICA
3-9. 地区スタッフが県担当官からの支援を得つつ、事業モニタリング／評価結果を村レベルのニーズ洗い出しおよび地区計画策定にフィードバックする。	○	○	○	◎		○	技術的助言およびコンサルタント経費支援
3-10. 3-3～9の経験を踏まえて、地区スタッフが県担当官からの支援を得つつ、地区レベルの5カ年計画を策定する。	○	◎	○	◎		○	技術的助言およびコンサルタント経費支援
3-11. 地区における開発計画策定および事業実施上の教訓が取りまとめられる。	◎		◎	◎		◎	技術的助言およびコンサルタント経費支援
4. 地方開発計画・事業実施のGood Practiceをターゲット県内外で共有するための仕組みが確立される。	◎		○	○		○	
4-1. ターゲット県内において各地区での計画・実施の取り組みを共有するためのワークショップを実施する。	○		◎	◎		◎	技術的助言および予算支援
4-2. 各県・地区での計画・実施の取り組みを共有するためのターゲット別の全国／地域会議を実施する。（県：県知事、計画官など、地区：地区長、GAOなど）	◎	○	○	○		○	技術的助言および予算支援
4-3. 日本・第三国における地方開発計画・事業実施の取り組みを研修し、ターゲット別の全国会議で共有する。	◎		◎	◎			研修機会提供およびセミナー経費支援
4-4. 4-1～3で共有された取り組みからGood Practiceケースブックを作成する。	○	○				◎	技術的助言および予算支援

T.Dis.：ターゲット県、T.Blc.：ターゲット地区、LCs：ローカルコンサルタント

MINUTES OF MEETING
BETWEEN THE JAPANESE DETAILED PLANNING SURVEY TEAM
AND THE REPRESENTATIVES CONCERNED OF
ROYAL GOVERNMENT OF BHUTAN
ON JAPANESE TECHNICAL COOPERATION
ON THE PROJECT FOR IMPROVEMENT OF GOVERNMENT SERVICE
FOR COMMUNITY DEVELOPMENT
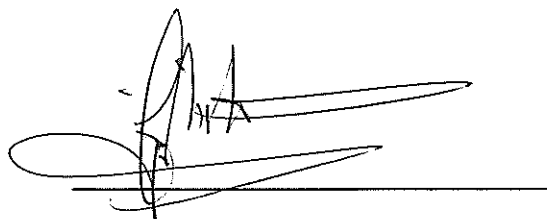
Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched the Detailed Planning Survey Team (hereinafter referred to as "the Team"), headed by Mr. Masanobu Kiyoka, to the Kingdom of Bhutan (hereinafter referred to as "Bhutan") from 19 September to 30 September 2010 for the purpose of preparing the framework of the requested project entitled "Improvement of Government Service for Community Development". During its stay in Bhutan, the Team had a series of discussions with the authorities and the stakeholders concerned.

As a result of the discussions, both sides agreed that the title of the project should be "Local Governance and Decentralization Project Phase III" (hereinafter referred to as "the Project"). Both sides worked out details of the Project and agreed to the matters referred to in the document attached hereto.

Thimphu, 29 September 2010

Masanobu Kiyoka
Team Leader
Japanese Detailed Planning Survey Team
Japan International Cooperation Agency
Japan

Dorji Norbu
Director
Department of Local Governance,
Ministry of Home and Cultural Affairs
Royal Government of Bhutan

THE ATTACHED DOCUMENT

1. Background

The Royal Government of Bhutan (RGoB) has promoted decentralization for democratization and strengthening service delivery at District (Dzongkhag) and Block (Gewog) levels over 30 years. Responding to the effort of decentralization, JICA has supported the authorities concerned by the Local Governance and Decentralization Project (LGDP) Phase I (March 2004 – October 2006) and Phase II (October 2007 – October 2010).

LGDP I, implemented jointly by Department of Local Governance (DLG), Ministry of Home and Cultural Affairs and JICA, contributed to formulation of basic plan and implementation system for local development. Based on the institutional framework, the plan for integrating the existing capacity building programs for local functionaries was formulated as "Integrated Capacity Building Plan" (ICBP). In LGDP II, Local Development Division of Gross National Happiness Commission (GNHC) and JICA initiated standardization of training module and institutionalizing ICBP.

In 2009, nation-wide ICBP training for members of Block Development Committee was implemented for the first time. With the establishment of good institutional arrangements for decentralization including establishment of Annual Grant System and the enactment of the Local Government Act of Bhutan, 2009, responsibility of implementing ICBP trainings was transferred from the GNHC to the DLG in 2010.

The terminal evaluation of LGDP II conducted in May 2010 recommended that LGDP II would be completed as originally scheduled on condition that the road map of ICBP institutionalization should be clarified. Based on the results of LGDP II, it is found necessary to build up the mechanism to support local functionaries for planning and budgeting reflected from people's needs.
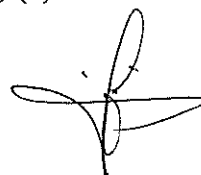
Following those context, DLG requested JICA for strengthening local functionaries based on ICBP training. Both sides discussed the Project design for sustainable mechanism of ICBP implementation and strengthening the capacity of local government planning and service delivery.

2. Major Findings

(1) Necessity of continuous implementation of ICBP training

The RGoB officials, regardless of their positions and sectors, share strong commitment and enthusiasm towards decentralization. This forms a firm basis for the Project. Further, continuous implementation of the ICBP training is found essential for the following reasons:

1) Although still under preparation, the local election is forthcoming in a coming few months. It is widely recognized that the ICBP training for the newly elected personnel is critically important for accelerating the process of decentralization.

2) During the three years of implementation of LGDP II, RGoB initiated and developed new elements of decentralization, and it is indispensable to incorporate these elements into ICBP training for good interface. These elements include: (a) transferring the responsibility for implementing ICBP training from GNHC to DLG; (b) Local Development Planning

Manual (LDPM); (c) Capacity Development Strategy (CDS); and (d) Annual Grant Guideline (AGG).

3) Invaluable experiences and lessons gained through concerted efforts in the last few years of decentralization should be fed back into the process of revising the contents and curriculum of the ICBP.

(2) ICBP as an integral part of CDS

Formulation process of the CDS attracts a wide range of audience including the RGoB officials, donor agencies, academics and the private sector. As there is a growing recognition among the same audience that the ICBP forms an integral part of the CDS, it is found imperative to maintain and enhance communication channels between the two processes, i.e., CDS formulation and revision of the ICBP, so as to keep good interface between the two important undertakings for decentralization.

(3) Challenge on application of ICBP training results

Implementation of ICBP training has provided an impact on enlightening local government officials and committee members. However, application of knowledge acquired in the training to actual facilitation in the Chiwogs (community) is still challenge. While repeating the training implementation, actual experiences of project planning and implementation brought many lessons for local people concerned as shown in the pilot projects in Trashiyangtse in LGDP II. Meanwhile, precise support and coaching for assessment and prioritization at Chiwog level is also necessary for application of ICBP training results. In this sense, compatible management between ICBP training and follow-up of actual planning / prioritization is required.

(4) Necessity of capacity development on Gewog Administrative Officer (GAO)

GAO has been introduced into local administration as a core official to support project planning and implementation at Block level. In a coming few years that coincide with the implementation of the Project, particular attention is called not only for further enhancing their capacity but also for creating an enabling environment wherein key players of decentralization and local development appreciate the roles and functions of GAO.

3. Framework of the Project

The both sides reached the agreement of the framework of the Project as follows. Details are shown in the tentative Project Design Matrix (hereinafter referred to as "PDM") in Annex I. The tentative Plan of Operation (PO) and tentative Project Implementation Structure are attached as Annex II and III. The final plan of the Project will be finalized by signing of the Record of Discussion between DLG and JICA Bhutan Office.

(1) Duration of the Project

The duration of the Project will be tentatively 3.5 years from February 2011.

(2) Overall Goal of the Project

The Target Districts and Blocks will formulate development plan and implement projects reflecting people's needs through implementation of ICBP.

(3) Purpose of the Project

Sustainable ICBP training mechanism for local development management is established.

(4) Outputs
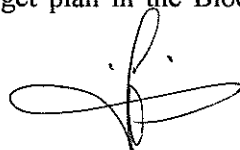
1. Capacity for sustainable ICBP training management is enhanced.
2. Capacity for sustainable ICBP training delivery and improvement is enhanced.
3. Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized.
4. Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established.

(5) Activities

1-1 To reconsider the target and contents of ICBP based on CDS, LDPM, and AGG

1-2 To establish organizational setting for developing and revising curriculum and materials

1-3 To plan ICBP training implementation and secure the necessary budget

1-4 To conduct nation-wide ICBP training as planned

1-5 To evaluate the application of ICBP training results to daily work

1-6 To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training

2-1 To revise ICBP curriculum based on lessons from ICBP training implementation (*)

2-2 To develop new curriculum for new target considered in 1-1

2-3 To revise and develop materials based on the curriculum in 2-1 and 2-2

2-4 To conduct Training of Trainers (TOT) for existing trainers (refresher course) and newly recruited trainers

* To be considered on the scope of revised ICBP curriculum

3-1 To select Districts and Blocks for following up development planning and project implementation based on ICBP training

3-2 To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks

3-3 To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Block Head (Gup)/Deputy Block Head (Mangmi) and Block Committee (GT) Members

3-4 To conduct training on community facilitation and planning for GAO

3-5 To implement field work and workshops for assessment and prioritization in Chiwogs

3-6 To analyze Chiwog needs and formulate project and budget plan in the Blocks with support

from District officers

3-7 To implement the planned projects in the Blocks with support from District officers

3-8 To monitor and evaluate projects in the Blocks with support from District officers

3-9 To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers

3-10 To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9

3-11 To summarize lessons learnt on development planning and project implementation in the Block

4-1 To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts

4-2 To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.

4-3 To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting

4-4 To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3

4. Administration of the Project

(1) Joint Coordination Committee (JCC)

As the decision making authority, the Joint Coordination Committee will be established and chaired by Project Director. Details are shown in Annex IV.

(2) Organizations and Personnel concerned the Project

Below is the list of primary organizations and personnel under the tentative administrative structure to implement the Project. To assume overall responsibility of the management of the Project, Director of DLG is designated as the Project Director. Tentative Division of Labors is shown in Annex V.

<Bhutanese Side>
Project Director
    Director, DLG
Project Manager
    Chief Programme Officer, DLG
Counterpart personnel
    Officers in System and Capacity Development Division, DLG
    Officers in Direction, Coordination, M&E Division, DLG
    Officers in Information, Research & Development Division, DLG
Organizations and personnel concerned
    Local Development Division, GNHC
    Development Cooperation Division, GNHC

Master trainers in Royal Institute for Management (RIM)
Target Districts and Blocks

<Japanese Side>
Resident Representative, JICA Bhutan Office
Assistant Resident Representative/ Project Formulation Advisor, JICA Bhutan Office
Project Expert(s)
Personnel concerned to be appointed by the Resident Representative of JICA Bhutan Office.

5. Issued for Further Consideration
The following issues are to be further considered for finalizing the design of the Project:

(1) Financial framework for ICBP implementation
The Capacity Development Grant (CDG) would be the major financial source for implementation of ICBP training. Formulation of mechanism for piloting CDG is included in the annual work plan of the DLG as one of the activities under Local Governance Support Programme (LGSP). On the other hand, self-sufficient financial framework within RGoB should also be considered for sustainable ICBP implementation.

(2) Target Districts and Blocks for following the whole process of project cycle
Unlike the previous phases of LGDP that implemented pilot projects mainly for the training purposes, the Project would introduce a mechanism to extract as many important lessons as possible through intensive monitoring of the whole process of the project cycle. These lessons should be reflected into the revised ICBP training. Certain number of Districts and Blocks will be targeted for introducing this mechanism. Target Districts and Blocks should be decided within 3 months after starting the Project considering setting the criteria for targeting.
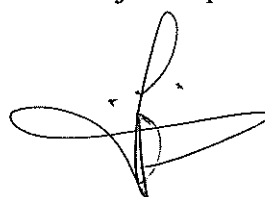
(3) Targets of training
As a progress of decentralization with some institutional setting, ICBP is also required to be modified. It is imperative to review the targets of ICBP with due consideration to increasing the significance of GAO's role and function as discussed above. Clear identification of human resource bottleneck in the current decentralization system should form a basis for targeting.

(4) Selection of local consultants
Local consultants are expected to play a pivotal role in various activities of the Project including consultation of the Target Districts and Blocks, revision of ICBP contents and curriculum and trainings of trainers. RIM has made significant contributions to these aspects under the previous phases of LGDP. However, due to its limited manpower, the Project will widen the scope of selecting local consultants. Selection criteria and procedure should be clarified in accordance with regulations of DLG and JICA while considering achievement of the Project outputs.

6. Way Forward

(1) The Record of Discussion (R/D) will be signed between DLG and JICA Bhutan Office by December 2010. Draft R/D is attached in Annex VI.

(2) Counterpart personnel and organizations/personnel concerned will be fixed by coordination of DLG by signing the R/D.

(3) JICA will dispatch a long term expert for starting the Project in February 2011.

LIST OF ANNEX

Tentative Project Design Matrix (PDM)
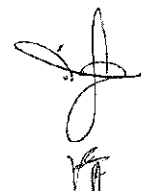
Project Title : Local Governance and Decentralization Project Phase III

Implementing organization: Department of Local Governance (DLG), Ministry of Home and Cultural Affairs

Duration: 3.5 years (2011.2-2014.8)

Target Group: Officers in DLG, Officers and Committee Members in the Target Districts and Blocks

Target Districts & Blocks: Several Districts (will be decided within 3 months after starting the Project)

Ver. 0 Sept. 29, 2010

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption
Overall Goal			
The Target Districts and Blocks will formulate development plan and implement projects reflecting people's needs through implementation of Integrated Capacity Building Plan (ICBP).	The prioritization result of Chiwog proposal will be reflected to 80% of Block projects in Target Blocks.	Block Annual Development Plan, Project Work Plan	
Project Purpose			
Sustainable ICBP training mechanism for local development management is established.	a. Plan and Budget for sustainable implementation of ICBP training are identified.	ICBP implementation plan, Budget framework	Necessary institutions and organizational arrangements are formulated for District and Block level planning and implementation.
	b. Mechanism for sustainable revision of curriculum/materials and implementation of TOT are established.	Plan and Mechanism of curriculum/material revision	
		Plan and Mechanism for TOT implementation	
	c. Lessons of development planning and project implementation at the Target Blocks are reflected to revision of ICBP contents and implementation.	Revised ICBP, ICBP implementation plan	
	d. Supportive function for development planning and project implementation in District/Block is identified and necessary institutional setting are considered.	Records or interview on DLG's consideration based on reports from the Target Districts/Blocks	
Outputs			
1 Capacity for sustainable ICBP training management is enhanced.	1-a. Target and Contents of ICBP are revised.	Revised ICBP	Comprehensive framework and budget for local human resource development other than ICBP is not established. (However, development of new framework for local human resource development based on ICBP will not be denied.)
	1-b. Annual Implementation Plan of ICBP are formulated and necessary budget is secured.	Annual Implementation Plan, Budget Plan	
	1-c. Evaluation methodology of ICBP training is established and its evaluation results are summarized.	Format of ICBP evaluation, Analysis of evaluation results	
2 Capacity for sustainable ICBP training delivery and improvement is enhanced.	2-a. Curriculum of ICBP training are revised.	Revised ICBP	
	2-b. Materials of ICBP training are revised and supplemented.	ICBP materials	
	2-c. Materials for newly designed curriculum are developed.	ICBP materials	
	2-d. TOT refresher courses are implemented for certified trainers and GAOs every year.	TOT implementation report	
	2-e. TOT for newly recruited lecturers is implemented every year.	TOT implementation report	
3 Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized.	3-a. 80% of Chiwogs in the Target Blocks can prioritize projects.	Record of public meeting, Interview of GT members	
		Project Proposal from Chiwogs	
	3-b. The Target Blocks can effectively prioritized Chiwog proposals.	Record of GT meetings, Interview of Gup and GT members	
		Project Annual Work Plan	
	3-c. The Target Blocks monitor and evaluate projects more than twice a year and reflect the results to project prioritization.	Monitoring and Evaluation report	
		Record of public meeting, Interview of GT members	
	3-d. Meetings and workshops on 11th Five Year Plan are implemented more than twice in the Target Districts, Blocks and Chiwogs.	Record of meeting and workshop	
	3-e. Lessons of development planning and project implementation at Block and Chiwog level in each Target District are summarized.	Report from local consultant	
		Report from District and Block or Record of workshop	
4 Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established.	4-a. The Target Districts hold workshop for sharing experiences of planning and implementation among Gups and GAOs more than twice a year from 2012.	Record of workshop	
	4-b. DLG hold annual national/regional meeting for sharing experiences of planning and implementation of District/Block and other countries from 2012.	Record of workshop	
	4-c. Good Practice case book which collects lessons and implication of planning and implementation at Block level are formulated.	Good Practice case book	

Narrative Summary	Inputs	Important Assumptions
Activities	**Bhutanese Side**	Personnel in DLG and organizations concerned for the Project implementation are secured.
1-1 To review and revise the target and contents of ICBP in line with Capacity Development Strategy(CDS), Local Development Planning Manual(LDPM), and Annual Grant Guideline(AGG)	Project personnel concerned (1)Project Director (DLG) (2)Project Manager (DLG) (3)Counterpart(CP)personnel (DLG) (4)Personnels from organizations concerned (GNHC, etc.)	
1-2 To establish organizational setting for developing and revising curriculum and materials	Project Office and Facilities	
1-3 To plan ICBP training implementation and secure the necessary budget	Project Implementation Costs (1)ICBP training costs	Commitments from Districts and Blocks on follow-up development planning and project implementation are received.
1-4 To conduct nation-wide ICBP training as planned	(2)Budget for development project in Districts and Blocks (Annual Grant)	
1-5 To evaluate the application of ICBP training results to daily work	(3)CP's Travel allowances for Target District/Block activities	
1-6 To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training		
2-1 To revise ICBP curriculum based on lessons from ICBP training implementation (※)	**Japanese Side**	
2-2 To develop new curriculum for new target considered in 1-1	Japanese Experts (1)Long term Expert (Human Resource Development in Local Administration) 36MM	
2-3 To revise and develop materials based on the curriculum in 2-1 and 2-2	(2) Short term Experts 2-3MM/year	
2-4 To conduct Training of Trainers (TOT) for existing trainers (refresher course) and newly recruited trainers	Local Consultants (1)Consultation of local development planning and project implementation	
3-1 To select Districts and Blocks for following up development planning and project implementation based on ICBP training	(2)Formulation of Good Practice case book	
3-2 To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks	(3)Others (if necessary)	
3-3 To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Block Head (Gup)/Deputy Block Head (Mangmi) and Block Committee (GT) Members	Training in Japan/Third country Provision of Equipment and Materials (if necessary)	**Pre-conditions**
3-4 To conduct supplemental seminars on community facilitation and planning for Block Administrative Officer (GAO)	Project Implementation Costs (1)Costs for local consultants	Significance of ICBP or Local Human Resource Development in Bhutanese Policy is unchanged.
3-5 To implement field work and workshops for assessment and prioritization in Chiwogs (Communities)	(2)ICBP training cost for the Target Districts	
3-6 To analyze Chiwog needs and formulate project and budget plan in the Blocks with support from District officers	(3)Costs for revision of ICBP curriculum/materials and implementation of TOT	
3-7 To implement the planned projects in the Blocks with support from District officers	(4)Costs for workshops and fieldwork at Block/Chiwog level in the Target Districts	
3-8 To monitor and evaluate projects in the Blocks with supports from District officers	(5)Costs of workshops/meetings for sharing experiences	The Project harmonized with other donors' frameworks on local governance enhancement.
3-9 To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers	(6)Project Management Costs	
3-10 To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9	(7)Others (if necessary)	
3-11 To summarize lessons learnt on development planning and project implementation in the Block		
4-1 To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts		
4-2 To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.		
4-3 To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting		
4-4 To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3		

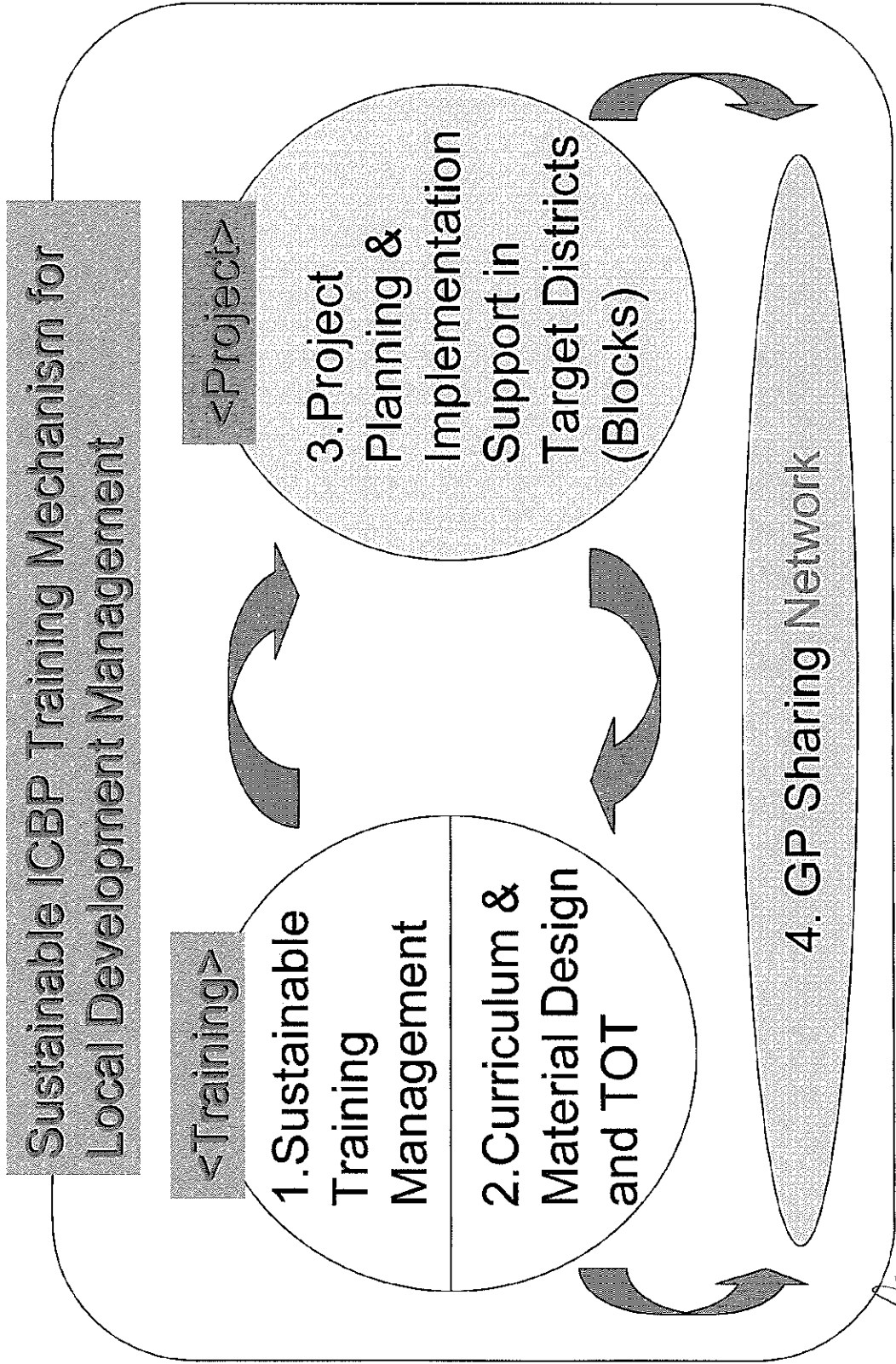※To be considered on the scope of revised ICBP curriculum

Annex II Tentative Plan on Operation

Japanese Fiscal Year	2010	2011	2012	2013	2014
Bhutanese Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15

Months: 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8

Planning/Implementation process phases:
Training Preparation · Training 1 · Training M&E/Preparation · Project Planning · Project Implementation and Monitoring · Training M&E/Preparation2 · Training 2 · Planning & Prioritization · Project Planning · Training M&E/Preparation · Training 3 · Project Implementation and Monitoring · Planning & Prioritization · Project Planning · Wrap-up

ICBP Training Delivery

1. Capacity for sustainable ICBP training management is enhanced
1-1. To review and revise the target and contents of ICBP in line with CDS, LDPW, and ASG
1-2. To establish organizational setting for developing and revising curricula and materials
1-3. To plan ICBP training implementation and secure the necessary budget
1-4. To conduct nation-wide ICBP training as planned
1-5. To evaluate the application of ICBP training results to daily work
1-6. To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training

2. Capacity for sustainable ICBP training delivery and improvement is enhanced
2-1. To revise ICBP curriculum based on lessons from ICBP training implementation
2-2. To develop new curriculum for new target considered in 1-1
2-3. To revise and develop materials based on the curriculum in 2-1 and 2-2
2-4. To conduct TOT for existing trainers (refresher course) and newly recruited trainers

3. Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized
3-1. To select Districts and Blocks for following up development planning and project implementation based on ICBP training
3-2. To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks
3-3. To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Gup/Mangmi and GT Members
3-4. To conduct supplemental seminars on community facilitation and planning for GAO
3-5. To implement field work and workshops for assessment and prioritization in Chiwogs
3-6. To analyze Chiwog needs and formulate project and budget plan in the Blocks with support from District officers
3-7. To implement the planned projects in the Blocks with support from District officers
3-8. To monitor and evaluate projects in the Blocks with support from District officers
3-9. To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers
3-10. To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9
3-11. To summarize lessons learnt on development planning and project implementation in the Block

4. Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established
4-1. To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts
4-2. To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.
4-3. To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting
4-4. To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3

※Joint Coordinating Committee will be held at once a year.

Tentative Project Implementation Structure

Sustainable ICBP Training Mechanism for Local Development Management

<Training>

1. Sustainable Training Management

2. Curriculum & Material Design and TOT

<Project>

3. Project Planning & Implementation Support in Target Districts (Blocks)

4. GP Sharing Network

Annex IV
Tentative Function and Structure of Joint Coordination Committee (JCC)

The JCC will be formed and its meetings will be held at least once a year for the smooth implementation of the Project. The prospective function and members of the JCC are as follows.

1) Function
  (a) To approve the Annual Plan of Operation to be formulated in accordance with the R/D
  (b) To review overall progress and achievement of the Project
  (c) To examine major issues arising from or in connection with the Project
  (d) To work out the modification of the PDM and the PO as necessary.
  (e) To recommend and request for necessary actions to the organizations concerned.

2) Members
  (a)Chairperson: Director, DLG as the Project Director
  (b)Members:
  <Bhutanese Side>
  Chief Programme Officer, DLG as the Project Manager
  Representative from Local Development Division, GNHC
  Representative from Development Cooperation Division, GNHC
  Representative from Department of Public Accounts, Ministry of Finance
  Master trainers from Royal Institute for Management (RIM)

  <Japanese Side>
  Representative(s), JICA Bhutan Office
  Project Expert(s)
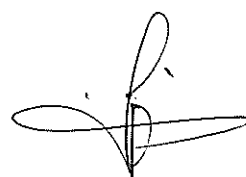
  *The DLG and JICA can invite other personnel as necessary.

Annex V

Tentative Division of Labors for Project Implementation

	DLG	GNHC	T.Dis.	T.Blc.	RIM	LCs	JICA
1. Capacity for sustainable ICBP training management is enhanced.	◎						
1-1.To review and revise the target and contents of ICBP in line with CDS, LDPM, and AGG	◎	○					Technical Advice
1-2.To establish organizational setting for developing and revising curriculum and materials	◎						Consultation
1-3.To plan ICBP training implementation and secure the necessary budget	◎						Consultation
1-4.To conduct nation-wide ICBP training as planned	◎	○					Financial Support for Target Districts
1-5.To evaluate the application of ICBP training results to daily work	◎						Technical Advice
1-6.To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training	◎	○					Technical Advice
2. Capacity for sustainable ICBP training delivery and improvement is enhanced.	○				◎	○	
2-1.To revise ICBP curriculum based on lessons from ICBP training implementation	○				◎	○	Technical Advice & Financial Support
2-2.To develop new curriculum for new target considered in 1-1	○				◎	○	Technical Advice & Financial Support
2-3.To revise and develop materials based on the curriculum in 2-1 and 2-2	○				◎	○	Technical Advice & Financial Support
2-4.To conduct TOT for existing trainers (refresher course) and newly recruited trainers	○				◎	○	Technical Advice & Financial Support
3.Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized.	○		◎	◎		○	
3-1 To select Districts and Blocks for following up development planning and project implementation based on ICBP training	◎						Consultation
3-2. To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks	◎						Technical Advice & Financial Support for Consultants
3-3.To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Gup/Mangmi and GT Members	○			○		◎	Technical Advice & Financial Support for Consultants
3-4.To conduct supplemental seminars on community facilitation and planning for GAO	○			○		◎	Technical Advice & Financial Support for Consultants
3-5.To implement field work and workshops for assessment and prioritization in Chiwogs	○				◎	○	Technical Advice & Financial Support for Consultants

	DLG	GNHC	T.Dis.	T.Blc.	RIM	LCs	JICA
3-6.To analyze Chiwog needs and formulate project and budget plan in the Blocks with support from District officers	O	O	O	◎		O	Technical Advice & Financial Support for Consultants
3-7.To implement the planned projects in the Blocks with support from District officers	O		O	◎		O	Technical Advice
3-8.To monitor and evaluate projects in the Blocks with support from District officers	O	O	O	◎		O	Technical Advice & Financial Support for Consultants
3-9.To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers	O	O	O	◎		O	Technical Advice & Financial Support for Consultants
3-10.To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9	O	◎	O	◎		O	Technical Advice & Financial Support for Consultants
3-11.To summarize lessons learnt on development planning and project implementation in the Block	◎		◎	◎		◎	Technical Advice & Financial Support for Consultants
4. Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established.	◎		O	O		O	
4-1.To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts	O		◎	◎		◎	Technical Advice & Financial Support
4-2.To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.	◎	O	O	O		O	Technical Advice & Financial Support
4-3.To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting	◎		◎	◎			Provision of Training & Financial Support for Meetings
4-4.To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3	O	O				◎	Technical Advice & Financial Support

Annex VI

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(DRAFT)

RECORD OF DISCUSSIONS

BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY

AND AUTHORITIES CONCERNED OF THE ROYAL GOVERNMENT OF BHUTAN

ON JAPANESE TECHNICAL COOPERATION

FOR

THE LOCAL GOVERNANCE AND DECENTRALIZATION PROJECT PHASE III

</div>

The Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions with the Bhutanese authorities concerned with respect to desirable measures to be taken by JICA and the Royal Government of Bhutan for the successful implementation of the project on "The Local Governance and Decentralization Project Phase III" (hereinafter referred to as "the Project") in the Kingdom of Bhutan.

As a result of the discussions, the Resident Representative of JICA Bhutan Office and the Bhutanese authorities concerned agreed on the matters referred to in the document attached hereto.

<div align="right">

Thimphu, ● December 2010

</div>

Tomoki Nitta	Dorji Norbu
Resident Representative	Director
Bhutan Office	Department of Local Governance,
Japan International Cooperation Agency	Ministry of Home and Cultural Affairs
Japan	Royal Government of Bhutan

(Name)
Director
Development Cooperation Division
GNH Commission
Royal Government of Bhutan

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF BHUTAN

1. The Royal Government of Bhutan will implement "The Local Governance ande Decentralization Project Phase III" (hereinafter referred to as "the Project") in cooperation with JICA.

2. The Project will be implemented in accordance with the Master Plan which is given in ANNEX I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan, JICA will take, at its own expense, the following measures according to the normal procedures under the Colombo Plan Technical Cooperation Scheme.

1. DISPATCH OF JAPANESE EXPERTS
   JICA will provide the services of Japanese Experts as listed in ANNEX II.

2. PROVISION OF MACHINERY AND EQUIPMENT
   JICA will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project. The equipment will become the property of the Royal Government of Bhutan upon being delivered C.I.F. (cost, insurance and freight) to the Bhutan authorities concerned at the ports and/or airport of disembarkation.

3. TRAINING OF BHUTANESE PERSONNEL IN JAPAN
   JICA will receive the Bhutanese personnel connected with the Project for technical training in Japan.

III. MEASURES TO BE TAKEN BY THE ROYAL GOVERNMENT OF BHUTAN

1. The Royal Government of Bhutan will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after period of Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiaries groups and institutions.

2. The Royal Government of Bhutan will ensure that technologies and knowledge acquired by the Bhutanese nationals as a result of Japanese technical cooperation will contribute to the economic and social development of Bhutan.

3. The Royal Government of Bhutan will grant in Bhutan privileges, exemptions and benefits to the Japanese experts referred to in II-1 above and their families, which are no less favorable than those accorded to experts of third countries working in Bhutan under the Colombo Plan Technical Cooperation Scheme.

4. The Royal Government of Bhutan will ensure that the equipment referred to in II-2 above will be utilized effectively for the implementation of the Project in consultation with the Japanese experts.

5. The Royal Government of Bhutan will take necessary measures to ensure that the knowledge and experience acquired by the Bhutanese personnel from technical training in Japan will be utilized effectively in the implementation of the Project.

6. In accordance with the laws an regulations in force in Bhutan, the Royal Government of Bhutan will take necessary measures to provide at its own expense:

(1) Services of Bhutanese counterpart personnel and administrative personnel as listed in ANNEX III;

(2) Land, buildings and facilities as listed in ANNEX IV;

(3) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA under II-2 above;

7. In accordance with the laws and regulations in force in Bhutan, the Royal Government of Bhutan will take necessary measures to meet:

(1) Expenses necessary for transportation within Bhutan of the equipment referred to in II-2 above as well as for the installation, operation and maintenance thereof;

(2) Customs duties, internal taxes and any other changes, imposed in Bhutan on the equipment referred to in II-2 above; and

(3) Running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

1. Mr. Dorji Norbu, Director General of Department of Local Governance (DLG), as the Project Director, will bear overall responsibility for the administration and implementation of the Project.

2. Mr. Karma Galay, Chief Programme Officer of DLG, as the Project Manager, will be

responsible for the managerial and technical matters of the Project.

3. The Japanese experts will give necessary technical guidance and advice to the Bhutanese counterpart personnel on technical matters pertaining to the implementation of the Project.

4. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordination Committee will be established whose function and composition are described in ANNEX V.

V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by JICA and the Bhutanese authorities concerned, at the middle and during the last six months of the cooperation term in order to examine the level of achievement.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Royal Government of Bhutan undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in Bhutan except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

There will be mutual consultation between JICA and the Royal Government of Bhutan on any major issues arising from, or in connection with this Attached Document.

VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting support for the Project among the people of Bhutan, the Royal Government of Bhutan will take appropriate measures to make the Project widely known to the people of Bhutan.

IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be three and half (3.5) years from arrival of a long term expert.

RECORD OF DISCUSSIONS
BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY
AND AUTHORITIES CONCERNED OF THE ROYAL GOVERNMENT OF BHUTAN
ON JAPANESE TECHNICAL COOPERATION
FOR
THE LOCAL GOVERNANCE AND DECENTRALIZATION PROJECT PHASE III

The Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions with the Bhutanese authorities concerned with respect to desirable measures to be taken by JICA and the Royal Government of Bhutan for the successful implementation of the project on "The Local Governance and Decentralization Project Phase III" (hereinafter referred to as "the Project") in the Kingdom of Bhutan.

As a result of the discussions, the Resident Representative of JICA Bhutan Office and the Bhutanese authorities concerned agreed on the matters referred to in the document attached hereto.

Thimphu, 16 December 2010

Tomoki Nitta
Resident Representative
Bhutan Office
Japan International Cooperation Agency
Japan

Karma Tshiteem
Secretary
GNH Commission
Royal Government of Bhutan

Dorji Norbu
Director
Department of Local Governance
Ministry of Home and Cultural Affairs
Royal Government of Bhutan

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF BHUTAN

1. The Royal Government of Bhutan will implement "The Local Governance and Decentralization Project Phase III" (hereinafter referred to as "the Project") in cooperation with JICA.

2. The Project will be implemented in accordance with the Master Plan which is given in ANNEX I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan, JICA will take, at its own expense, the following measures according to the normal procedures under the Colombo Plan Technical Cooperation Scheme.

1. DISPATCH OF JAPANESE EXPERTS
   JICA will provide the services of Japanese Experts as listed in ANNEX II.

2. PROVISION OF MACHINERY AND EQUIPMENT
   JICA will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project. The equipment will become the property of the Royal Government of Bhutan upon being delivered C.I.F. (cost, insurance and freight) to the Bhutan authorities concerned at the ports and/or airport of disembarkation.

3. TRAINING OF BHUTANESE PERSONNEL IN JAPAN
   JICA will receive the Bhutanese personnel connected with the Project for technical training in Japan.

III. MEASURES TO BE TAKEN BY THE ROYAL GOVERNMENT OF BHUTAN

1. The Royal Government of Bhutan will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after period of Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiaries groups and institutions.

2. The Royal Government of Bhutan will ensure that technologies and knowledge acquired by the Bhutanese nationals as a result of Japanese technical cooperation will contribute to the economic and social development of Bhutan.

3. The Royal Government of Bhutan will grant in Bhutan privileges, exemptions and benefits to the Japanese experts referred to in II-1 above and their families, which are no less favorable than those accorded to experts of third countries working in Bhutan under the Colombo Plan Technical Cooperation Scheme.

4. The Royal Government of Bhutan will ensure that the equipment referred to in II-2 above will be utilized effectively for the implementation of the Project in consultation with the Japanese experts.

5. The Royal Government of Bhutan will take necessary measures to ensure that the knowledge and experience acquired by the Bhutanese personnel from technical training in Japan will be utilized effectively in the implementation of the Project.

6. In accordance with the laws and regulations in force in Bhutan. the Royal Government of Bhutan will take necessary measures to provide at its own expense:

(1) Services of Bhutanese counterpart personnel and administrative personnel as listed in ANNEX III;

(2) Division of Labors for Project Implementation as listed in ANNEX IV;

(3) Land, buildings and facilities as listed in ANNEX V;

(4) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;

7. In accordance with the laws and regulations in force in Bhutan, the Royal Government of Bhutan will take necessary measures to meet:

(1) Expenses necessary for transportation within Bhutan of the equipment by JICA for the installation, operation and maintenance thereof;

(2) Customs duties. internal taxes and any other changes, imposed in Bhutan on the equipment by JICA; and

(3) Running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

1. Director of Department of Local Governance (DLG), as the Project Director, will bear overall responsibility for the administration and implementation of the Project.

2. Chief Programme Officer of DLG, as the Project Manager, will be responsible for the managerial and technical matters of the Project.

3. The Japanese experts will give necessary technical guidance and advice to the Bhutanese counterpart personnel on technical matters pertaining to the implementation of the Project.

4. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordination Committee (hereinafter referred to as "JCC") will be established whose function and composition are described in ANNEX VI.

V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by JICA and the Bhutanese authorities concerned, at the middle and during the last six months of the cooperation term in order to examine the level of achievement.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Royal Government of Bhutan undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in Bhutan except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

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For the purpose of promoting support for the Project among the people of Bhutan, the Royal Government of Bhutan will take appropriate measures to make the Project widely known to the people of Bhutan.

IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be three and half (3.5) years from arrival of a long term expert.

ANNEX I.   MASTER PLAN

(1) Purpose of the Project

Sustainable Integrated Capacity Building Plan (ICBP) training mechanism for local development management is established.

(2) Outputs

1. Capacity for sustainable ICBP training management is enhanced.
2. Capacity for sustainable ICBP training delivery and improvement is enhanced.
3. Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized.
4. Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established.

(3) Activities

1-1 To reconsider the target and contents of ICBP based on Capacity Development Strategy (CDS), Local Development Planning Manual (LDPM), and Annual Grant Guideline (AGG)

1-2 To establish organizational setting for developing and revising curriculum and materials

1-3 To plan ICBP training implementation and secure the necessary budget

1-4 To conduct nation-wide ICBP training as planned

1-5 To evaluate the application of ICBP training results to daily work

1-6 To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training

2-1 To revise ICBP curriculum based on lessons from ICBP training implementation (*)

2-2 To develop new curriculum for new target considered in 1-1

2-3 To revise and develop materials based on the curriculum in 2-1 and 2-2

2-4 To conduct Training of Trainers (TOT) for existing trainers (refresher course) and newly recruited trainers

* To be considered on the scope of revised ICBP curriculum

3-1 To select Districts and Blocks for following up development planning and project implementation based on ICBP training

3-2 To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks

3-3 To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Block Head (Gup)/Deputy Block Head (Mangmi) and Block Committee (GT) Members

3-4 To conduct training on community facilitation and planning for Gewog Administrative Officer

(GAO)

3-5 To implement field work and workshops for assessment and prioritization in Chiwogs

3-6 To analyze Chiwog needs and formulate project and budget plan in the Blocks with support from District officers

3-7 To implement the planned projects in the Blocks with support from District officers

3-8 To monitor and evaluate projects in the Blocks with support from District officers

3-9 To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers

3-10 To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9

3-11 To summarize lessons learnt on development planning and project implementation in the Block

4-1 To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts

4-2 To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.

4-3 To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting

4-4 To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3

ANNEX II.   LIST OF JAPANESE EXPERTS
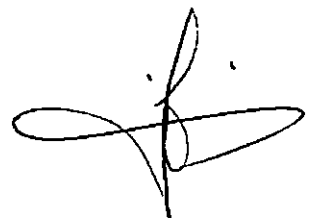
1. Long-term expert

The long term expert, who will be in charge of the following field, will be dispatched

- Human Resource Development in Local Administration

2. Short-term experts

The short term experts, who will be in charge of the following field, will be dispatched

- Local governance (if necessary)

ANNEX III. LIST OF BHUTANESE COUNTERPARTS

1. Project Director: Director, Department of Local Governance
2. Project Manager: Chief Programme Officer, Department of Local Governance
3. Relevant officials under all division, Department of Local Governance

In the event of transfer/posting or retirement of counterpart personnel, his/her successor will be designated.

	DLG	GNHC	T.Dis.	T.Blc.	RIM	LCs	JICA
1. Capacity for sustainable ICBP training management is enhanced.	◎						
1-1.To review and revise the target and contents of ICBP in line with CDS, LDPM, and AGG	◎	○					Technical Advice
1-2.To establish organizational setting for developing and revising curriculum and materials	◎						Consultation
1-3.To plan ICBP training implementation and secure the necessary budget	◎						Consultation
1-4.To conduct nation-wide ICBP training as planned	◎	○					Financial Support for Target Districts
1-5.To evaluate the application of ICBP training results to daily work	◎						Technical Advice
1-6.To summarize evaluation results mentioned 1-5 and consider modification of contents and delivery method on ICBP training	◎	○					Technical Advice
2. Capacity for sustainable ICBP training delivery and improvement is enhanced.	○				◎	○	
2-1.To revise ICBP curriculum based on lessons from ICBP training implementation	○				◎	○	Technical Advice & Financial Support
2-2.To develop new curriculum for new target considered in 1-1	○				◎	○	Technical Advice & Financial Support
2-3.To revise and develop materials based on the curriculum in 2-1 and 2-2	○				◎	○	Technical Advice & Financial Support
2-4.To conduct TOT for existing trainers (refresher course) and newly recruited trainers	○				◎	○	Technical Advice & Financial Support
3.Lessons learnt from development planning and project implementation based on ICBP training for Block officers and committee members in the Target Districts are summarized.	○		◎	◎		○	
3-1 To select Districts and Blocks for following up development planning and project implementation based on ICBP training	◎						Consultation

3-2. To select local consultants among certified trainers to support and consult development planning and project implementation in the Target Blocks	◎					Technical Advice & Financial Support for Consultants
3-3. To conduct supplemental seminars and study tours on project planning and implementation based on ICBP training for Gup/Mangmi and GT Members	O			O	◎	Technical Advice & Financial Support for Consultants
3-4. To conduct supplemental seminars on community facilitation and planning for GAO	O			O	◎	Technical Advice & Financial Support for Consultants
3-5. To implement field work and workshops for assessment and prioritization in Chiwogs	O			◎	O	Technical Advice & Financial Support for Consultants
3-6. To analyze Chiwog needs and formulate project and budget plan in the Blocks with support from District officers	O	O	O	◎	O	Technical Advice & Financial Support for Consultants
3-7. To implement the planned projects in the Blocks with support from District officers	O		O	◎	O	Technical Advice
3-8. To monitor and evaluate projects in the Blocks with support from District officers	O	O	O	◎	O	Technical Advice & Financial Support for Consultants
3-9. To feed back the result of project monitoring and evaluation to Chiwog needs assessment and Block planning with support from District officers	O	O	O	◎	O	Technical Advice & Financial Support for Consultants
3-10. To formulate Block Five Year Plan with support from District officers based on the experience from 3-3 to 3-9	O	◎	O	◎	O	Technical Advice & Financial Support for Consultants
3-11. To summarize lessons learnt on development planning and project implementation in the Block	◎		◎	◎	◎	Technical Advice & Financial Support for Consultants
4. Networks for sharing good practices on local development planning and project implementation in the Target Districts, Regions and Nation-wide are established.	◎		O	O	O	

Activity						Support
4-1.To hold workshops for sharing experiences on planning and implementation in each Block in the Target Districts	O		◎	◎	◎	Technical Advice & Financial Support
4-2.To hold national/regional meetings for sharing experiences on planning and implementation of each District/Block among District Governors, District Planning Officers, Block Heads, GAOs, etc.	◎	O	O	O	O	Technical Advice & Financial Support
4-3.To observe local development planning and project implementation in Japan and other countries and share the lessons at the national meeting	◎		◎	◎		Provision of Training & Financial Support for Meetings
4-4.To formulate Good Practice case book by compiling the experiences from 4-1 to 4-3	O	O			◎	Technical Advice & Financial Support

ANNEX V. LIST OF LAND, BUILDINGS AND FACILITIES

1. The building and facilities necessary for the performance of duties by the Japanese experts including office space in DLG

2. Facilities such as electricity, gas, water, sewerage system, telephones and furniture necessary for the Project activities and operational expenses for utilities

3. Other facilities mutually agreed upon as necessary

ANNEX VI. JOINT COORDINATION COMMITTEE

1) Function

JCC composed of members listed as below; its meetings will be held at least once a year for the smooth implementation of the Project. The prospective function and members of the JCC are as follows.

(a) To approve the Project Design Matrix (PDM) and the Annual Plan of Operation (PO) in accordance with the R/D

(b) To review overall progress and achievement of the Project

(c) To examine major issues arising from or in connection with the Project

(d) To work out the modification of the PDM and the PO as necessary.

(e) To recommend and request for necessary actions to the organizations concerned.

2) Members

(a)Chairperson: Director of DLG as the Project Director

(b)Members:

\<Bhutanese Side\>

Chief Programme Officer, DLG as the Project Manager

Representative from Local Development Division, GNHC

Representative from Development Cooperation Division, GNHC

Representative from Department of Public Accounts, Ministry of Finance

Master trainers from Royal Institute for Management (RIM)

\<Japanese Side\>
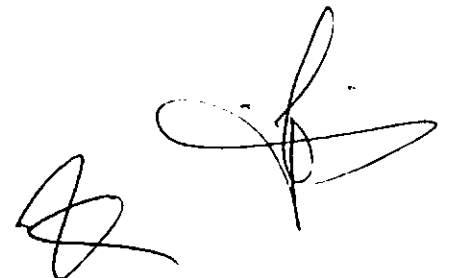
Representative(s), JICA Bhutan Office

Project Expert(s)

*The DLG and JICA can invite other personnel as necessary.

Capacity Development
for
Gross National Happiness

A Strategy for Local Government
in Bhutan

Draft Strategy Paper – August 2010

(Version 1.2 – 16 August, 2010)

Local Governance Support Programme
Department of Local Governance - MoHCA
Gross National Happiness Commission (GNHC)

Consultants
Hendrik Visser
Phuntsho Namgay

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Annexes

1. Research Findings: Key Local Government Issues
2. Questionnaire Format and Findings Gewog Administrative Officers
3. Roles & Responsibilities and Capacity Development Areas of Key Stakeholders
4. Capacity and Competency Requirements of Key Stakeholders
5. Existing Capacity Development Initiatives and Local Development Planning Approaches
6. Proposed Training Programmes
7. Capacity Development Plan
8. ToR Assignment (will be attached later)
9. Field Visit Schedules and People Interviewed
10. Outcomes of the multi-stakeholder visioning workshop

1 Introduction

In the context of Bhutan's overall decentralisation and democratisation process the need to strengthen the capacity of Local Government (Dzongkhags and Gewogs) and other stakeholders, like civil society organisations, private sector service providers and communities for local development processes, has been identified as critical. The Department of Local Governance (DLG - MoHCA) and the Local Development Division, Gross National Happiness Commission (LDD – GNHC) therefore decided to develop a comprehensive Capacity Development (CD) strategy for Local Government. The strategy is developed with support from one national and one international consultant recruited under the Local Governance Support Programme (for ToR see Annex 9). The CD strategy is to address identified institutional and organisational constraints and Capacity Development requirements of Local Government in a comprehensive and strategic way. Local Government is considered to comprise the civil service administrations at Gewog and Dzongkhag level as well as the 'new' democratic institutions.

It needs to be noted that for this assignment 'Local Government' has been considered in the context of rural districts. It does therefore not include the 'new' municipalities which have emerged recently as part of the Local Governance Act. It is strongly recommended to urgently initiate a separate assignment for a CD strategy for municipalities. It is also recommended to ensure that the rural-urban dynamics of especially the smaller and more rural Tromde 'C' municipalities is well addressed in such a strategy.

Before being able to design the CD strategy for Local Government it is important to ask the question "Capacity for What?". Enabling and stimulating Local Development is the central mandate and responsibility of Local Governments, next to issues like safety and security, and Local Development is considered the starting point for this CD strategy. The answer to "Capacity for What?" is therefore also dependent on the specific development context of Bhutan. Chapter 3 therefore first explores the Gross National Happiness development philosophy of Bhutan, to identify GNH-based capacity requirements of Local Government.

Local Development is a dynamic transformation and service delivery process, involving many different stakeholders. Each stakeholder has its own mandate, responsibilities, and interests and the understanding of the interdependence for development results and outcomes is therefore important. To capture this multi-stakeholder complexity adequately for the CD strategy, a 'systems view' on Local Government has been adopted (Chapter 4).

The key challenges for Local Government, as identified from the field research (Research Methodology is explained in Chapter 2) are presented in Chapter 5. Based on identified challenges, the GNH development philosophy and the systems view capacity analysis, some key strategic choices for Local Government are presented in Chapter 6. These strategic choices present a strategic vision for Local Government in Bhutan and form the foundation for the capacity requirements presented in Chapter 7. The CD strategy is thereafter presented in Chapter 8. First the design principles and the requirements for successful change are discussed after which existing CD initiatives are presented. The proposed CD activities are thereafter elaborated upon at three levels: a) the Local Government system as a whole, which includes requirements for successful facilitation of the change process, b) the Local Government organisations, and c) people development. The CD plan is thereafter presented in Chapter 9 and Chapter 10 discusses the monitoring and evaluation arrangements for the CD strategy.

2 Assignment Methodology

The assignment has been conducted using the following research methods.

Stakeholder analysis
A stakeholder analysis has been conducted to identify all key stakeholders at Local Government and at national level, which have an (potential) influence on the capacity of Local Government in Bhutan.

Desk study
Documents related to (past) capacity development initiatives, training programmes, acts, policies, rules and regulations, development strategies, decentralization, project reviews and evaluations, donor strategies and other relevant subjects related to Local Government functioning, have been collected and analysed. Based on the acquired information a broad understanding of Local Government issues and ongoing activities has been compiled.

Stakeholder interviews
The desk study analysis was the basis for identifying the key stakeholders for interviews. During interviews new information has been acquired, existing information has been validated and information gaps have been identified. Interviews of key informants focussed on gathering insights and understandings of capacity development needs of Local Governments and central agencies, the functions of the local governments and the role of the relevant central and donor agencies (Annex 10).

Field Visits
Selected Dzongkhags and Gewogs have been visited to conduct interviews with Local Government staff and local representatives. A representative sample of four Dzongkhags was identified for the field visits in consultation with the Department of Local Governance to ensure coverage of geographic diversity. During the Dzongkhag visits participatory methods through focus group discussions (FGD) and individual interviews were conducted with:
   a. FGDs with *Dzongkhag* level sector heads;
   b. FGDs with *Gups* and *Mangmis*;
   c. Interviews with individual or small groups of selected Dzongkhag/Gewog staff and local representatives

The FGDs and interviews were held to understand the full details of Local Development issues and dynamics and the perceived capacity development needs in Local Governments. Perspectives on the effectiveness of past capacity development initiatives and the challenges that staff and local representatives encounter in the performance their duties were also discussed.

Questionnaires Dzongdags and Gewog Administrative Officers
Questionnaires (Annex 2) were provided to all Dzongdags and Gewog Administrative Officers (GAOs), during their national conferences. About 25% of the 20 Dzongdags and 75% of the Gewog Administrative Officers responded. The questionnaires have been designed as a Capacity Assessment and focussed on perceived importance of different capacity development needs and on an analysis of existing capacities. This information was gathered at the

beginning of the assignment and informed stakeholder selection and field visit design. The insights obtained have been integrated in the overall analysis of Capacity requirements.

Multi-stakeholder Visioning workshop

Based on the above described data collection methods, an initial vision document for Local Government has been prepared. This vision document focussed on the question "Capacity for What?' and provides strategic direction for the purpose and Capacity Development of Local Government in Bhutan. The vision, related to Capacity for Gross National Happiness and the subsequent Local Development process, was presented and validated in a multi-stakeholder workshop. During the workshop a clear consensus emerged on a shared vision for Local Government and the subsequent strategic choices related to the role and responsibilities of Local Government for Local Development in Bhutan. Based on these consensus key Capacity requirements for Local Government and different other stakeholders were also identified in the workshop. The shared vision and strategic choices from the workshop are the staring points for the Capacity requirements and the Capacity Development Strategy. A total of 18 key participants were present at the workshop (Annex 11).

3   The Gross National Happiness Development Philosophy

"...as even more dramatic changes transform the world and our nation, as long as we continue to pursue the simple and timeless goal of being good human beings, and as long as we strive to build a nation that stands for everything that is good, we can ensure that our future generations for hundreds of years will live in happiness and peace."

His Majesty King Jigme Khesar Namgyal Wangchuck, The fifth Druk Gyalpo of Bhutan

3.1   The Four Pillars and GNH values

For the Capacity Development strategy for Local Government in Bhutan it is important to understand the worldview and principles underlying Bhutan's GNH development philosophy. GNH has been shaped by the beliefs and values of Mahayana Buddhism and stresses "not material rewards, but individual development, sanctity of life, compassion for others, respect for nature, social harmony, and the importance of compromise" (RGoB 2000, page 19).   GNH therefore aims to balance material and spiritual aspects of life.

The fusion of Tantric Buddhism and animistic Bonism with mainstream Mahayana Buddhist beliefs in rural Bhutan, also leads to "interpret nature as a living system in which we are part rather than as a resource base to be exploited for material gain... have given rise to a complex of institutions, rules, customs and folklore governing the use of natural resources" (RGoB 2000, page 21).   For GNH the relationship of citizens with the environment is therefore important, as well as the strengthening of communities' social fabric.

Reference to the Buddhist values and principles underlying GNH is based on Buddhism as a science and truth-finding philosophy, not as a 'religion'. Reference to Buddhist truths in GNH therefore still maintains the secular notion of GNH as a development philosophy and concept.

GNH promotes values of compassion, caring, equality, truth, openness, reflection and continuous learning. Such values are essential for personal development and for development of society as a whole.

GNH comprises four pillars, constituting a paradigm for holistic and sustainable development (RGoB 2000, Ura *et al* 2004):
1. Sustainable and equitable socio-economic development (not growth);
2. Environmental conservation;
3. Promotion of culture; and
4. Good governance.

GNH is therefore next to a development philosophy also an overarching development framework, which lays down the country's development principles, values and priorities. The four pillars seem to mirror the definitions of Sustainable Development, a concept now widely accepted in the 'West' (WCED 1987, Connelly *et al* 1999).   However, the distinction between GNH and Sustainable Development is far greater than understood when analysing the four pillars of GNH from a 'Western' perspective.   From a Buddhist perspective, "poverty and underdevelopment should not be defined only in terms of the absence of wealth but also in terms of the persistence of ignorance and prejudice" (RGoB 2000, page 22).

3.2   Human Development towards a GNH-based Society

The Buddhist path to enlightenment is one of questioning, discovery and learning and is to alleviate us from ignorance and ultimately finding our 'nature mind'. It is therefore a path of evolution of human consciousness, the process of developing new mental models, thought- and behavioural patterns and a worldview based on understanding our interconnectedness and identity as integral part of the world around us.

An essential part of the GNH development philosophy is therefore stimulating human development, in line with 'Western' psychology, through in general three stages, from 'egocentric' (self), to 'ethno-centric' (family/group), to 'world centric' (whole). This reflects an expanding world view with an ever increasing understanding of interconnectedness (figure 1 below).
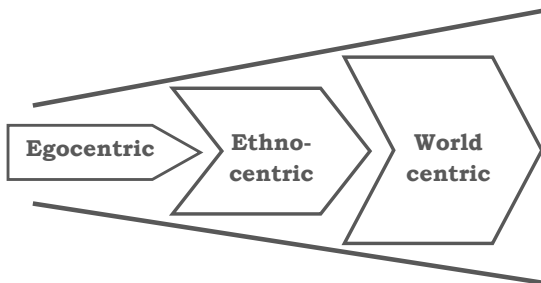
Figure 1, Stages of development of Human consciousness

This interconnectedness is also embedded in the concept of 'Happiness', where true happiness can only be achieved if happiness is present all around us. Individual happiness in the midst of suffering is considered a mere illusion.

Figure 2, Major phases of life (Bare foot guide, page 34)

This Human (and organisation) development process can in simple terms also be described, from birth to adulthood to old age, through the phases of 'dependence' to 'independence' to 'interdependence' (Figure 2).   For a society based on GNH-values it is important to strive for facilitating human development towards the stages of 'world centric' and 'interdependence'. A singular focus on personal gain and wealth accumulation is perceived as less desirable and a mere 'stage' of independence and egocentrism, which needs to evolve further into the broader shared happiness of society as a whole.

The path of 'compassion-in-action', the act of caring for others and helping them, is therefore an important way to achieve such evolution of human development, since it allows to connect to others around us and to see their struggle and suffering. It therefore takes the attention away from our ego, allows us to reflect upon our own personal journey, to learn and to develop (Visser 2009).

3.3   GNH-based Local Development

GNH-based Local Development could therefore be described not only in terms of fulfilling basic needs of people (as integrated part of their environment) to achieve improved overall wellbeing,

but also as the ability to stimulate deeper reflection and learning to further the development of human consciousness in individuals, organizations and society at large.

GNH-based local development can therefore be defined by the type of services to be delivered (the 'what'), and also in the way services delivery and other engagement processes are designed in order to facilitate the deeper human development process (the 'how'). In the context of local development the 'how' could also be referred to as facilitating transformation processes and social change [1] . The development concept therefore already in principle captures mainstreaming issues like equality (children, elderly, poor), gender, poverty, environment conservation and Human rights. Still to ensure these development issues are addressed specific attention is warranted. Furthermore cross-cutting issues like disaster preparedness, Climate Change mitigation and adaptation and food security also need to be integrated in development strategies and plans. What this means for the Capacity Development approach for Local Government will be discussed in the next paragraph.

3.4 Local Government Capacity: for What?

Before analysing capacity needs of Local Government in Bhutan, it is important to agree on what kind of capacity Local Government is supposed to have. Local Governments are at the interface between public service delivery and individual/community development processes. It is therefore especially important to consider the required capacity of Local Government for stimulating and facilitating GNH-based local development.

If we accept that development takes place within people through their relationships and interactions with other people and their environment, then people and communities are themselves to lead their own development and transformation process. Local Government can within this context be seen as an essential enabler, stimulant and facilitator of people's development processes. Based on this and the above presented analysis of the GNH development philosophy we therefore propose as a starting point to define the overall capacity requirement of Local Government as:

> *"Local Government requires the capacity to enable, stimulate and facilitate*
> *people centred local development, in order to achieve GNH development*
> *objectives and to create a society based on GNH-values."*

The exact wording can be further debated, but the importance of the statement is that it creates a more overall vision for the role and capacity required of Local Government in Bhutan. This is especially important since in the past capacity of Local Government has often been considered within the limited context of organizational capacity for service delivery and plan implementation of local government administrations. In the context of Bhutan's vision of creating a GNH society and the emerging new democratic institutions, this view is deemed too limited, however, to generate the structural solutions and Capacity Development approaches required to address acknowledged constraints of Local Government.

A too limited definition of capacity often also generates a narrow focus on what does not work within administrative systems, while much of what does work within and outside the organisation remains invisible. Development takes place though, with or without interventions, on the basis of what is already in place in society. A broader vision on Local Government

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[1] See for example www.barefootguide.org

capacity in terms of the broader processes of local development, will allow such existing capacities to become apparent. This will be further elaborated in the next Chapter.

3.5 Key Points GNH-based Local Development.

Local Development based on Gross National Happiness entails:
- Development within the framework of four pillars: Sustainable and equitable socio-economic development (not growth), Environmental conservation, Promotion of culture and Good governance;
- The long-term process of shaping a society with an appreciation for interdependence and a world-centric view, based on GNH-values: compassion, caring, equality, truth, openness and continuous learning;
- Development as a dynamic process of transformation and social change, goes beyond the mere delivery of development services and products (the 'What'), and comprises the process of facilitating and stimulating learning and human development (the "How'). It is therefore a process within which citizens and communities are leading their own development;
- Local Government, being at the interface between government and citizens/communities, requires the capacity to enable, stimulate and facilitate people centred local development in order to achieve GNH development objectives and to create a society based on GNH-values.

"Try not to become a man of success but rather to become a man of value".
Albert Einstein

4 Capacity Development: a Systems View

4.1 Capacity is Development

"Successful development transformation affects not only what we do, but also how we do it…in the end, successful development must come from within the country itself, and to accomplish this, it must have institutions and leadership to catalyse, absorb, and manage the process of change, and the changed society."

Joseph E. Stiglitz (Prebisch Lecture, 1998)

"Capacity" is understood as the ability of people, organisations and society as a whole to manage their affairs successfully (ECDPM March 2009).

"Capacity Development" is understood as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time (ECDPM March 2009).

Capacity Development is therefore since long seen by its practitioners as the 'How' of development. There is strong evidence to suggest that where the highest levels of political

decision makers have taken a long-term, capacity development-oriented view on development,

countries have done well on achieving development results (UNDP 2009). Since Capacity Development is a long term process with often little near-term visible impact, the challenge for decision-makers has often been consciously not falling for the temptation of delivering more visible but often unsustainable near-term development activities and -products.

4.2 A Systems View on Capacity

The importance of Capacity Development for especially Local Governments was acknowledged globally in the 'Paris Declaration' (2005) and the 'Accra Agenda for Action' (2008). Understanding (capacity) development processes from a systems view and as a transformation process is now widely accepted (Kaplan 1999, Capra 2003, UNDP 2006, OECD 2006, World Bank 2005). Systems thinking is in stark contrast with the still prevalent reductionist approaches, where the explanation of the whole comes from understanding the characteristics of the elements, analysed in isolation. Within this view a society or an organization, e.g. a Dzongkhag administration, is broken down in formal roles, structures, processes, resources, etc. Performance improvement assumes a simple, sequential, linear and stepwise approach to improving these formal elements of the organisation, in separation of its context. This oversimplifies the complexity of human systems by largely ignoring the often informal myriad of interrelationships amongst and between the formal elements of an organization (Morgan 2005, ECDPM 2008 and 2009, Hauck xxxx).

The relevance of systems theory is therefore that it highlights the importance of relationships and less tangible informal systems, like e.g. organisational culture, leadership vision and

personal attitudes and beliefs. It still acknowledges though the importance of the formal systems, like e.g. planning and financial systems, Human Resource Management systems and organization structure. However, it emphasises the need to understand the mutually shaping interaction of informal and formal systems.

For example the behaviour and capacity of an individual staff member within an organization is influenced by formal policies and regulations, the planning and financial processes and systems, the organizational structure as well as the organizational culture (e.g. risk avoidant, authoritative) and personal beliefs (personal wealth accumulation or caring for others). Motivation to work and energy to stimulate change is critically generated through the informal systems of an organization, like through inspiring and visionary leadership and satisfaction of the work done and rewards received.

4.3 Levels of Capacity

Within the systems view on capacity, different levels of capacity can be distinguished: the enabling environment, the organization and the individual. These levels mutually interact through complex co-dependency relationships (figure 3):

1) *The enabling environment*; ...the broader system including policies, legislation, regulations, power relations and social norms;
2) *The organizational level*; ...the internal policies, arrangements, procedures and frameworks that allow an organization to operate and deliver on its mandate. It enables the coming together of individual capacities for achieving common goals; and
3) *The individual level*; ...the skills, experience, knowledge and motivation that are vested in people.
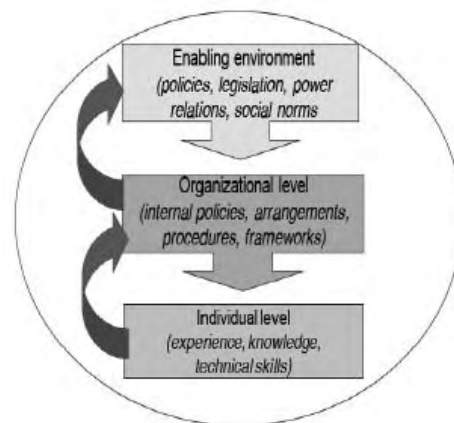
Figure 3, Levels of capacity within systems

For the development of the capacity of the Local Government organizations it is therefore important to also consider to which extent the enabling environment is conducive and to which extent individuals are capacitated and empowered to act. Elements of the enabling environment are e.g. decentralisation and sector policies, financial rules and regulations, Acts, the judiciary system and the media, all of which influence Local Government performance. As discussed before, next to these more formal structures also informal systems are elements of the enabling environment, like e.g. GNH values, the Buddhist belief system and also remnants of precedent more feudal value systems in society.

4.4 The Local Government System in Bhutan

To illustrate the systems view and the three levels of capacity, the Local Government system of Bhutan is presented in outline in Figure 4. The figure is not accurate or complete in all

respects and is merely intended to show the main stakeholders involved in local development and to highlight the importance of multi-stakeholder relationships and a systems view.

The Local Government system has two distinct 'spheres'. First of all, the civil service 'bureaucracy' at National, Dzongkhag and Gewog level, which traditionally has been the only channel for development services. The second 'sphere' comprises the 'new' democratic institutions, also at Gewog, Dzongkhag at National level. The relationships between these two spheres still need to evolve based on the roles, responsibilities and authorities vested in them by the Local Governance Act of Bhutan (2009). Elections for the Gewog Tshogde, Gup and Dzongkhag Tshogdu are planned by the second half of this year.
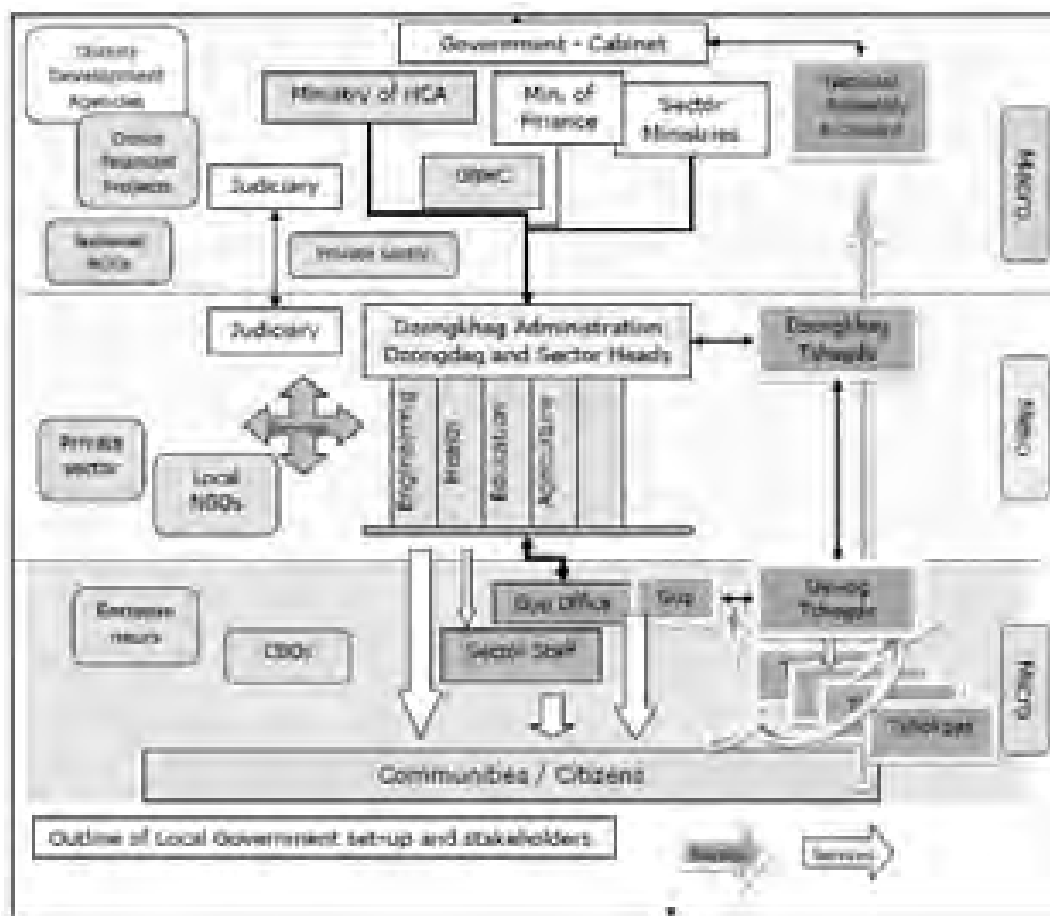
Figure 4, Local Government system in Bhutan

A third 'sphere' which can be distinguished next to Local Government comprises the non-state actors, with e.g. community organizations, Civil Society Organisations (CSO) and Private Sector entities. The role of communities, CSOs and private sector in service delivery and more holistically for facilitating local development, is at present relatively underrepresented. The possible role of non-state actors as partners in local development is an area of increased attention and debate, however. It is especially important to identify opportunities for emerging Civil Society Organisations (CSO) to become an integral part of the institutional framework and to not simply being 'integrated in' the existing framework.

The importance of addressing the capacity of Local Government from this systems view with three 'spheres' is that it highlights the interdependence of all stakeholders in terms of ultimate development impact. It also highlights the need to develop organizations' and individuals' capacity to build up good relationships and partnerships for interdependent development results. Such joined action creates:

   a) Shared vision and values;
   b) Supportive relationships;
   c) Understanding of interdependencies;
   d) Bridging of different realities;
   e) Strong sense of joined empowerment/voice, and
   f) Courage to bring structural constraints to the attention of higher authority.

Impact of joint action therefore goes well beyond the possibilities individual organisations have for achieving development impacts.

The capacity to manage different interests, to bridge power hierarchies and different realities within system relationships, as well as dealing with inherent conflicts, is also important. This is especially relevant in terms of the gaps of understanding and in realities which often exist between national (macro) level, Dzongkhag/Gewog (meso) level and community (micro) level (Visser, 2010 and Ubels et al, 2010).

The 'levers of capacity change' have been captured, by UNDP, in four areas: leadership, institutional arrangements, knowledge and accountability mechanisms. Evidence also indicates the need for a shift in focus from ad hoc scatter of training type actions, to a systematic development of capacity. This requires, however, a shift of mindsets and political commitment.

4.5 Key Points Capacity Development of Local Government

Successful Capacity Development for Local Government entails:
 • Understanding Capacity Development as the 'How' of development, as the continuous process of unleashing, strengthening, creating and adapting capacity over time. It is therewith an essential ingredient for successful transformation, and change and an integral part of local development;
 • Adopting a systems view on capacity and the Local Government system in Bhutan, where the Local Administrations, the democratic institutions and non-state actors interact in an interdependent process of enabling, facilitating and stimulating local development;
 • Addressing the three mutually interacting levels of capacity: the enabling environment, the organization and the individual and also the levers of capacity change: leadership, institutional arrangements, knowledge and accountability mechanisms ;
 • Appreciating the importance of relationships, of bridging different realities, powers hierarchies and interests, and the need for joint action to achieve development impacts.

5   Critical Challenges for Local Government in Bhutan

For the purpose of the Capacity Development strategy for Local Government the main individual findings of the field work have been analysed and combined into more systemic and structural challenges Local Government faces. Firstly the changing institutional environment with 'new' democratic institutions will be discussed, after which key LG challenges for service delivery, the present planning process, the annual plan implementation process and some financial system issues will be presented. Finally new emerging challenges, issues related to policies and rules & regulations and the challenges related to LG staff development and management are discussed. More detailed findings are presented in Annex 1.

5.1   New Democratic Institutions and Transformation Processes

The first challenge is the broader transformation process Local Government goes through in terms of the 'new' democratic institutions and an in general a more 'open' and demanding society. The Bhutan vision 2020 document states that Bhutan "must continue with the progressive redefinition of the role of the Royal Government from that of a 'provider' to that of 'enabler' of development, with continued emphasis on the creation of conditions that mobilize the energies and imagination of people…" (RGoB 2000). This clearly spells out the visionary understanding in Bhutan that the way the formal systems of citizen participation are shaped, will to a large extent determine the success of creating a society based on 'happiness'. Or, as the Prime Minister formulated it: "If happiness is the main value a GNH state tries to promote, the institutional structures and processes of a society must reflect this value" (Thinley 2007).

With the strengthening of democracy, communities are no longer 'only recipients' of government development services. With the introduction of the new democratic institutions they have also become citizens with voter rights who can keep their democratically elected representatives accountable. This has initiated an in principle major reversal in 'power relationships' between the government bureaucracy and citizens and has given the mandate for local development firmly in the hands of communities themselves. This reversal still needs to evolve in the mindsets of people and in day-to-day practices.

Local Government, especially at the Gewog level, therefore plays a crucial role in enabling, facilitating and stimulating GNH-based local development. With the foreseen Local Government elections towards the end of this year the Gewog Tshogde and the Gups will need to take the lead in shaping the local development process. These elected bodies and functions will also be increasingly responsible for monitoring the holistic development progress and for achieving actual development outcomes and impact. In turn, the Dzongkhag and Gewog administrative offices are to take upon themselves a service delivery role to facilitate local development in accordance with development plans. The focus on development results will necessitate a more integrated development approach of Local Government administrations, instead of the now still often fragmented sector based service delivery.

Furthermore, as discussed before, development needs to lead to a change in the nature and quality of relationships between people (and therefore organizations), especially in terms of transforming power. Power relationships often prevent cooperation, dialogue, reflection and learning and therefore limit the potential of people to develop. The new democratic institutions

need to develop strong relationships with citizens and the local administrations to ensure that through joint action real development takes place.

Dealing with the ever increasing external accountability of local administrations for sustainable service delivery and for development outcomes and impacts will require substantial changes in the way these administrations operate. Especially since their historical position of being the 'sole agent' of development has created a focus on internal procedures and plan implementation agendas and often also an inwards looking culture. Clearly support and capacity is needed for Local Governments to undertake this internal and external transformation process.

5.2 Combining Direct Service Delivery with Service Delivery Partnerships

The aim of the government to maintain a slim, efficient and effective civil service is increasingly challenged by an increasingly vocal citizenry and the ever increasing demand for government services. This will be a major challenge considering Bhutan's mountainous terrain and the remoteness of many areas. Although the introduction of e.g. e-government services at Gewog level will alleviate some of the pressure, the introduction of new technologies will also increase expectations of speedier delivery of services. It seems therefore opportune to reflect some more upon the key role of government as an enabler of development instead of being a direct, and often the sole, service provider. This is especially important keeping in mind the fundamental changes occurring now in roles and responsibilities between civil service and democratic institutions and the emerging view that citizens and communities are to be more involved, if not lead, local development and local transformation processes.

Next to the increase in workload, facilitating community transformation processes and instilling ownership and capacity in communities for sustainability of development achievements also requires competences and time allocations not necessarily available within the civil service organisation.

The move away from direct service provision of the civil service necessitates an increased capacity for creating enabling policy and regulatory environments and for developing Public-Private Partnerships in service delivery and local development. Before embarking upon a process of strengthening service delivery capacity of Local Government in Bhutan, it is therefore imperative to decide whether the key responsibility of Local Government is to provide services directly or whether a (gradual) move to a more enabling role is preferred. The latter would be recommended considering the increased capacity (in quantity as well as quality) available to service delivery when public sector, private sector and civil society would intensify collaboration. In such a case it is evidently also important to structurally address the capacity of civil society and private sector.

5.3 Local Development Planning Process

5.3.1 The Reality of the Applied Tenth Five Year Planning Process

Facilitating local development needs a good understanding of the local context, good baseline data and an integrated approach to development planning. At present the most basic data is unavailable and no maps are on hand to the Gewog or even Dzongkhag levels. Most data is

gathered within sectors, although often by Gewog staff and Tshogpas, for central level monitoring purposes. Such data is subsequently often not systematically shared with Local Governments nor stored in a way that it could be used to provide a more holistic development picture.

Some potential tools for integrated area-based planning are available though, like the Dzongkhag Rural Access Planning tool, the Results Based Management system and also the Planning and Monitoring system (PlaMS) which provides development indicators. However, capacity was insufficient to apply these tools systematically and sector-wide during the development of the Tenth FYP. Unfortunately many Dzongkhag plans are therefore still accumulated 'shopping lists'. Complementarities in sector activities for increased impact to ensure efficiency and effectiveness of public finance are therefore also not systematically identified.

The total demand for FYP activities went well beyond the overall budget ceiling. The subsequent prioritisation process within an environment of scarce resources was primarily conducted within sectors at the central level and mostly not through a renewed consultation and deliberation process with concerned Gewogs and communities. The reprioritisation process conducted on an annual basis, in case annual budgets are less than initially estimated in the FYP outlay, faces similar constraints. In some cases the budgets are thinly spread over all plan activities to maintain the notion that all activities are actually taken up. Re-prioritisation could more effectively be done and justified, if an area-based development planning approach is used. This would also support better dialogue among communities and with representatives and would increase the ownership of the FYP and annual plans at the Gewog and community level.

The presently noted sector activity fragmentation at Local Government level also hides a lot of good experiences, approaches and tools, which reside in sector agencies and projects. These useful assets, which include e.g. area-based integrated development approaches and participatory community approaches, are presently insufficiently known, deliberated and up-scaled. This situation does provide a great opportunity for building on and up-scaling of existing and often already proven capacity.

5.3.2   Present Plan Implementation Process: a Self-induced Cycle of Suffering?

In the absence of adequate means to develop Dzongkhag and Gewog specific local development plans and to monitor development outcomes, there is a near singular focus on annual plan implementation at activity level. The high focus on plan implementation, with adherence to internal monitoring and performance systems, does not inspire a broader view on stimulating and monitoring of local development.

Ownership over annual plans and plan implementation by Local Government is hampered by some sectors having extensive central level programmes and by the fact that a substantial part of especially infrastructure funds comes through centrally managed donor projects. For example engineering sections have limited influence on decision-making on central and Dzongkhag sector infrastructure plans, nor on central level donor project implementation plans. This leads to overambitious and often unrealistic annual work plans for engineering sections, over which they have no say.

This situation is further aggravated by the fact that at present local representatives, in-charge of plan approval, do not seem to share responsibility for the consequences of unrealistically ambitious annual plans. Although it is 'known' that the plans cannot be implemented with the existing capacity of the civil service, pressure is applied to speed up plan implementation. In turn Local Government administrations seem to be unable to negotiate more realistic annual work plans with central level agencies and with the Dzongkhag Tshogdu, based on their own service delivery capacity. Underperformance in terms of quantity and quality of plan implementation is therewith inherent to the existing system.

Implementation delays create concerns within communities, who eagerly await the Government support they requested. Communities are also suffering from the low quality of infrastructure, because of the lower service benefits as well as e.g. the higher voluntary labour contributions needed for maintenance of rural infrastructure over time. Dissatisfied communities therefore put pressure on their local representatives to speed up and improve development work in their constituencies, herewith renewing the cycle of pressure on an already strained system.

The cost of this 'self induced cycle of suffering' is high. Quality standards of infrastructure are not met; sustainability of infrastructure and services in general is ignored at the expense of more construction. Mistakes are made under pressure, which lead to Royal Audit Authority reports, there with stifling staff initiative and pro-activity. The overambitious plans also lead to a continuous focus and discussion on what has not been achieved and on what goes wrong. This takes away the opportunity to appreciate and celebrate the good work which is definitely being done under difficult circumstances. The lack of authority over one's own work plan and the absence of appreciation for one's work, creates unhappiness, which leads to a further de-motivation of staff and an ever decreasing overall performance capacity. This is clearly not in line with 'happiness' at the work place by creating meaningful and rewarding work.

This example has not been presented here to allocate blame, but to show the need for collaboration and joint decision-making processes. Only when all parties are able to bring their abilities to the table will such an interdependent system be able to perform well. It is also the responsibility of all parties together to monitor each other's work and to explain to citizens, the electorate, the limitations Local Government is facing as well as the achievements made. In the present situation there seems to be an absence of joint responsibility for making the plan implementation process work for achieving development impact at community level.

5.4 Financial Annual Grant System

5.4.1 Local Government Capacity, Budget Utilisation and Infrastructure Works

Despite the general scarcity of resources, there is still a yearly overall under-expenditure on annual grants at Local Government level. This is mainly due to the high demand for development activities, which have gone in many cases well beyond the available implementation capacity of Dzongkhags. Another important cause of under-expenditures is the 'delays' in infrastructure project implementation. The time allocation for the preparation phases for rural infrastructure, like design, estimate, environmental clearance, tender and award are often not sufficiently built into the annual budget plans. This leads to often too much budget allocated to these infrastructure works in especially the first construction year. Since actual construction, where main expenditures occur, is 'delayed' these first year budgets

are most often under-utilised. If budget outlines would be matched better with infrastructure work plans, such over-optimistically planned budgets could be avoided and budget could have been allocated to other development activities, e.g. in areas where still underutilised Local Government capacity exists for activity implementation.

Annual grants when underutilised can, according to the Ministry of Finance, only be taken into the next fiscal year within strict limits. This means that money not used on a (infrastructure) project will be 'lost' to the Dzongkhag. This 'inflexibility' is especially problematic for larger multi-year infrastructure works, especially in parts of the country where the working seasons are very limited and not favourable in terms of the annual financial cycle. The need to spend money within a fixed time limit leads to undue pressure on especially the engineering staff, to inefficiencies and even wastages. It would therefore be advisable to allocated guaranteed multi-year budgets to such projects to ensure the work can be implemented in an orderly fashion, based on specific project based implementation plans, while guaranteeing the quality of works.

Another issue noted is that next to the Annual Plans other activities suddenly emerge because of e.g. natural disasters, democratic election processes, international conferences or important visits of dignities. Substantial capacity of Local Government can on occasion be diverted to such emerging activities, taking capacity away from the annual plan implementation. This in itself is not necessarily a problem, however, more often than not these additional achievements are not measured when discussing the budget underutilisation and the delays in plan implementation with Local Government.

It can be noted therefore that Local Governments have more capacity than recognized from the annual budget utilisation and plan implementation delays, and that parts of the LG is underutilised because available budget is 'stuck' in over-optimistic infrastructure plans.

5.4.2 Financial Annual Grant System and Out-of Plan Allocations

At present the flexibility of allowing 20% of the annual grants for out-of-plan activities is implemented in the way that Dzongkhags request GNHC to approve taking up 'new' activities within the existing plan. Since this process is rather elaborate 'new' activities are often related to urgent and larger size restoration works due to monsoon damages or natural disasters.

Other reasons why the 20% flexibility rule has seen limited used is a general lack of knowledge on this possibility as well as the general budget deficit compared to the initial FYP demand expressed by Gewogs. Also cost estimates (and designs) of some infrastructures have been revised upwards, which leads to budget deficits and an understandable tendency to stick to the plan activities and not use the 20% free allocation for out-of-plan activities.

However, local development is a dynamic process with continuously emerging new demands and opportunities. With the present weak monitoring of the local development process very few new local development activities are now being identified, let alone considered as important enough to be taken up under the out-of-plan flexibility rule. Since this is, however, very important for continuously facilitating and stimulating local development processes,
It is recommended to continue the use of innovative block grant systems and to promote the use of budget for out-of-plan activities. A well designed area-based development plan will also more easily allow for identifying and understanding the importance of emerging out-of-plan activities.

5.5 New Challenges: Climate Change Adaptation Capacity

In addition to supporting the above described ongoing development processes, Local Governments will be increasingly required to create capacity to react and adapt to external influences and events. Natural disasters for example require an emergency response capacity for which pre-planning and coordination abilities are essential. The consequences of Climate Change, another 'new' challenge, are more difficult to determine and can be highly localised, which assigns a clear role and responsibility to Local Governments. It requires additional and a different kind of capacity to mitigate Climate Change and to develop and adapt to a range of possible scenarios with direct and indirect consequences. This therefore necessitates Local Governments to have a higher level capacity for service delivery and for local development. Areas to look at are:

- Response capacity to unforeseen events like forest fires and freak weather;
- Access to information and knowledge, monitoring of Climate Change impact and adaptation activities;
- Cross-sector area-based scenario planning and localised risk and vulnerability assessments;
- Developing regulation for appropriate land use planning and zoning, disaster management;
- More flexible financial systems, decentralised grants and authority to generate fiscal revenue for increase responsiveness;
- Multi-stakeholder dialogue and strengthening multi-stakeholder responsiveness;
- Developing community capacity in terms of resilience and livelihoods adaptation;
- Developing low-carbon economic development plans and incentives for Climate Change mitigation;
- Design standards of buildings and infrastructure in terms of energy efficiency and climate proofing for extreme weather occurrences;
- Connecting national level strategies, policies, regulations and plans to local realities, capacities and demands.

5.6 Urbanisation

The ongoing urbanisation process will have a significant effect on rural development. Not only in terms of increased pressure in existing municipalities, for which a separate CD strategy is recommended, but also in terms of rural livelihoods. Decreasing availability of labour and the general increase of population age in rural areas will have over time a significant impact on existing livelihood strategies. It will also have substantial effects on e.g. infrastructure planning, for which accurate population projections are needed, as well as on maintenance of rural infrastructure for which rural labour contributions are presently critical.

A further issue is the development of Tromde 'C' municipalities under the Local Government Act, which are smaller municipalities within a predominantly rural Dzongkhag setting. In the present setting of rural Bhutan these municipalities are still part of very closely knit rural social structures. Because of these high interwoven relationships and interdependence, urban planning of e.g. land use and services needs to be very closely linked and integrated with the development planning for the (surrounding) rural areas.

5.7   Policies, Rules and Regulations

Another issue which emerged is overwhelming number of general and sector policies and the large amount of rules and regulations, which Local Government officials need to know and apply. The lack of cross-sector integration of policies seems to mirror the previously described sector fragmentation in the planning process.

Most policies, rules and regulations are developed by central level professionals based on perceived sector demands. The policy design process is hardly participatory and local government and communities/citizens are largely excluded from the process. Local Government does as yet unfortunately not have the mandate nor the capacity to develop its own locality specific policies, rules and regulations.

Also monitoring of policy impact is seemingly weak and no systematic structures exist for adaptation or review. There is therefore a risk that policies are not clearly understood, implementation capacity and -consequences are not addressed and unforeseen effects or contradictions go unnoticed. In the absence of careful monitoring of the policy implementation process it is also difficult to measure success or failure of policies. In an environment where little understanding and ownership exists for policies at the implementation levels, they can easily be ignored and forgotten.

Within this context it also emerged that central level agencies more often than not, limit their responsibility to only providing information on policies, rules and regulations, instead of measuring the effectiveness of the knowledge transfer in terms of its application by those who have implementation responsibility. Especially in a culture where people are not as yet highly accustomed to reading and analysing documents, and where substantial language and literacy constraints exist, it may be good to complement the present relatively high focus on written form of communication with other means, to make information better accessible.

5.8   Human Resource Management and Development Mandate

Sector staff at Dzongkhag level has dual lines of upward accountability. Administratively they fall under the Dzongdag, on sector content to fall under central Ministries. This creates friction in loyalty, accountability and work load. It also means that Local Governments are only partly in-charge of their staff's incentive structures like career paths, allowances and performance rewards.

Although Dzongkhags now have Dzongkhag Human Resource Officers, the mandate and capacity of Dzongkhags to develop, resource and implement their own HRD plans is very limited. Most HRD plans and activities are centrally controlled within sectors and the perception exists that these mostly benefit central level staff. Whether this is indeed the case is unclear, but in any case there seems to be an issue of information sharing on CD opportunities and on decision-making transparency.

Most Dzongkhag staff indicated that they only benefit from training which was conducted through central sector agencies or projects in the Dzongkhag. Most of these trainings were based on central or project based demands and often Dzongkhag staff was not consulted beforehand. Such training events also often happens without coordination and with late announcement of timing which causes further constraints, including training fatigue. Trainings are also often based on perceived local demands related to internal government

processes and often not properly adapted to the real staff needs (e.g. high focus on knowledge transfer instead of behavioural skills). Limited adaptation to the local development context and the work dynamics of local staff, also slows down learning and the use of acquired knowledge and skills. Furthermore different sector trainings apply a different CD approach, which limits the uptake of development skills.

Some of the sectors have limited representation at central level, like the engineering sections, which severely limits their access to HRD opportunities. A general shortcoming is further that HRD is often viewed within the limited context of formal training, quick knowledge transfer events and out-country studies, with a high focus on internal organizational processes.

5.9 Existing Capacities

Despite the above mentioned drawbacks it has to be said that staff morale is still relatively high, considering the at times difficult circumstances under which people have to work and live, especially in the more remote areas. The government had also made commendable investments to stimulate staff postings to such remote areas, in e.g. allowances and facilities. The openness with which people speak about the challenges they face is also a clear indication that people still care about their work and the contributions they like to have to the development processes in their area. Comparatively speaking most staff also has reasonably sound professional knowledge and experience, which forms a good starting point for well designed CD interventions. From the many examples provided on the limited effect of past training events it is also clear that a more comprehensive CD strategy.

From the feedback received from the Questionnaires of the Dzongdags and GAOs the following can be summarised:
- The view of Local Government as the administrative civil service part and the democratic institutions, with each distinct roles and responsibilities and Capacity requirements is important to acknowledge and further clarify;
- The understanding of the interdependence of stakeholders at Local and National levels for development results, and the subsequent need for joint action, needs to be integrated within the CD strategy;
- Local Development processes take place at community level and it is therefore important to understand capacity requirements of communities and how development of such capacities can be supported through the Local Government system;
- Little insight is present on the concept of Capacity Development beyond training provision;
- In general terms the capacity of Local Government is weak for enabling local development processes and there is a need for more delegated authority and responsibility to design, resource and implement Dzongkhag/Gewog specific development plans;
- Dzongkhags need to be in-charge of their own CD strategies and plans to empower Local Government institutions.

5.10 Key Challenges for Local Governments

Key challenges Local Governments face are:

- The transformation process with new democratic institutions and more demanding citizenry, which challenges existing roles, responsibilities and mindsets of LG and citizens alike;
- The ever growing demand for LG services, which in all likelihood will motivate a move away from mainly direct service delivery to developing Public-Private Partnerships in service delivery and local development. This will also entail the need for increased LG capacity for creating enabling policy and regulatory environments for PPPs and for developing successful partnerships;
- Moving away from Five Year Plans based on 'shopping lists' and a near singular focus on annual plan implementation of local administrations towards an integrated and dynamic local development planning, monitoring and learning approach;
- Ensuring adequate multi-year budgets and higher budget utilisations based on good work plans of especially infrastructure works, to allow for better use of existing capacities and improved infrastructure quality;
- The increased use of budgets for out-of-plan activities to address emerging demands and new challenges and to provide more continuous stimulus to local development processes;
- Designing participatory policy development, -implementation and -monitoring processes;
- Developing, resourcing and implementing localised demand driven Capacity Development and HRD strategies and plans, which tap into existing staff motivation and build upon available capacities.

6 Strategic Choices for GNH-based Local Development

6.1 Defining Local Development for Gross National Happiness

It is recommended to explicitly define 'local development' within the GNH context through two interdependent concepts.

1. First of all the generally accepted process of delivering services and generating increased development assets for improved wellbeing of people, while seeing people as integral part of their environment.
2. Secondly, as Capacity Development, the process of stimulating learning and human development with the stages of dependency – independency – interdependency, or from a Buddhist perspective the process of overcoming ignorance and prejudice.

In general terms the first concept could be referred to as the 'what' of development, the development services and activities which are taken up in the annual plans and provided by Local Government. Examples from Bhutan's ambitious development agenda are e.g. infrastructure development, providing e-governance services, creating a knowledge based and service oriented green economy, bringing Information and Communication Technology to the doorstep of 'people's home' and expanding tourism services.

The second concept highlights more the 'how' of development and could be referred to as the process of capacity development, transformation and social change. Next to looking how government systems and processes facilitate meaningful participation and learning also the expansion of citizen engagement processes could be considered for supporting dialogue, reflection and learning in society.

The development agenda in Bhutan is presently mostly viewed from the perspective of the first concept, while the second one is critical for achieving long-term sustainable progress in line with GNH. Understanding and applying both interdependent concepts is, however, essential for sustainable progress in society as a whole.

6.2 Defining Capacity Development for Gross National Happiness

It is recommended to define Capacity Development, especially within the context of GNH, as 'systems capacity'. Within a systems view on the capacity relationships are main determinants of individual/organisational capacities and informal and formal systems interact in a mutually shaping process. A systems view of Local Government prevents designing capacity development interventions in isolation for single organizations and staff. It highlights the interdependency of organizations in terms of achieving overall development impact and the value of strengthening relationships through e.g. multi-stakeholder processes. It is through these relationships that transformation and social change happens. The systems view also clarifies the importance of creating a conducive enabling environment, including e.g. supportive policy and regulatory frameworks and cultural beliefs systems, for performance capacity of Local Government.

The choice to use a systems approach for Local Government capacity development allows for more structural solutions to noted constraints and for building on existing strengths and

capacities. The focus on relationships also allows for a much wider variety of CD approaches and activities, well beyond traditional training or organizational strengthening approaches.

6.3   Local Development underpinning Local Government Capacity

6.3.1   Development as a Multi-stakeholder Process

The Local Government system in Bhutan as presented again in figure 5 below, comprises of the following key stakeholders, organisations as well as key functions, which all have a (potentially) critical role to play in the local development process:
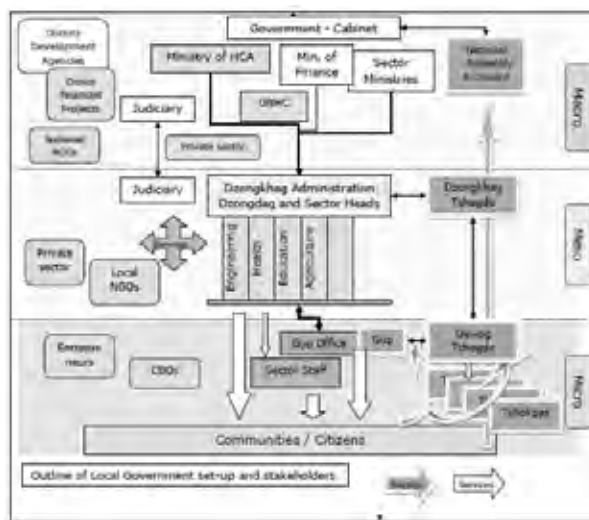
- Communities and citizens;
- Tshogpas;
- Gewog Tshogde;
- Gup;
- Gewog Administration;
- Gewog Administrative Officer;
- Dzongkhag Tshogdu;
- Dzongkhag Administration;
- Dzongdag;
- Planning Officer;
- Sector Heads;
- Department of Local Government;
- Gross National Happiness Commission;
- Private sector / entrepreneurs;
- Civil Society Organisations

Figure 5, Local Government system.

Each of these organisations and key functions need to be capacitated to play its role in enabling, facilitating and stimulating the local development process. At the same time each of these stakeholders needs to develop itself to allow for continuous learning and adaptation to changing demands and contexts.

The capacity requirements for these stakeholders have been worked out in the next Chapter. It is crucial to understand that each stakeholder's capacity needs to be determined and developed as part of its relationships with other stakeholders within the overall Local Government system. Assessing and developing capacity in isolation will not generate the required overall capacity for meaningful development.

It is therefore also important to design key local development processes in a way which allows for all stakeholders to participate, engage, exchange, collaborate, learn and develop itself, for the benefit of overall development outcomes and impacts. A key local development process, which unites all stakeholders and is crucial for sound development impacts, is the Local Development Planning processes. The design of this process is discussed in the next paragraph.

6.3.2   Local Development Planning: Thinking beyond Annual Plan Implementation

It is strongly recommended to further strengthen integrated area-based planning processes at the Chiwog, Gewog and Dzongkhag levels, based with good maps and baseline information to enable, facilitate and stimulate local development as a dynamic process with continuous adaptation to emerging events. The existing Result Based Management tool and the Planning and Monitoring Systems (PLAMS) can be the starting point for a more comprehensive design.

Local development processes require multi-stakeholder engagement, where only well design joint action will result in desired development outcomes and impacts (see figure 6). It is not a process which can be planned in detail upfront, but is a transformation and change process which needs continuous reflection, learning and adaptation from all stakeholders. The design of the local development planning process is therefore critical in the way stakeholders engage with each other and whether indeed meaningful participation can be achieved. Critically the design needs to empower communities and citizens to lead their own development process in an environment where other stakeholders enable, facilitate and stimulate and of course also develop themselves in meaningful organisations for a GNH-society. This also means that the way stakeholders engage with each other should be based in itself on these GNH-values.
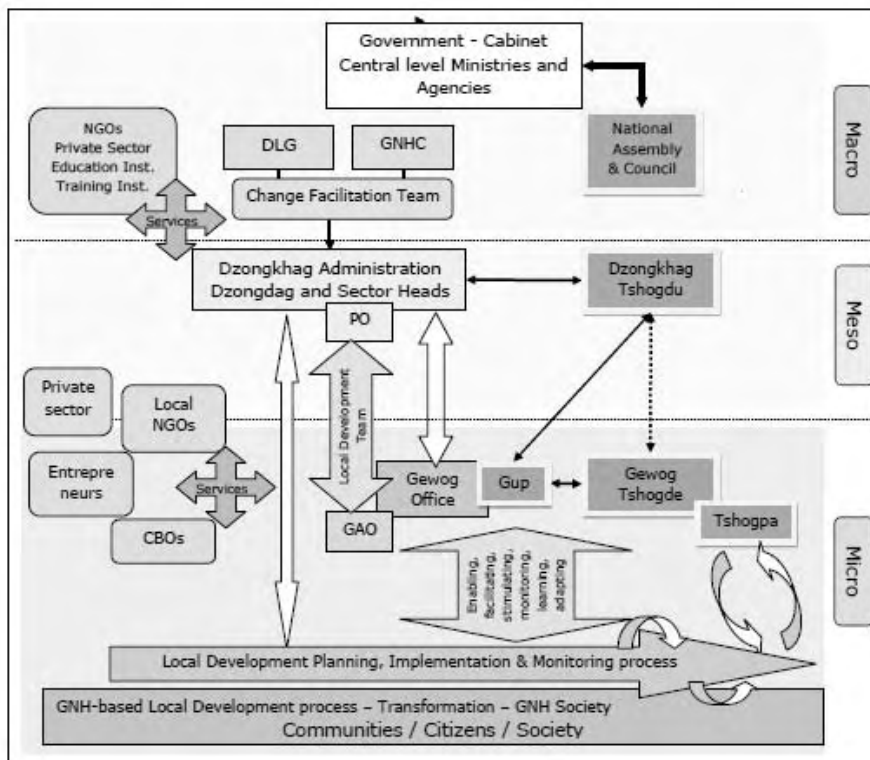
Figure 6, overview of the multi-stakeholder local development planning process

The choice of tools in the local development planning process will to a large extent determine how participation is shaped. The use of visualisation tools, like (simple) maps with all kind of information on the local context, is very important to allow **communities** to meaningfully participate in, if not lead, their own development. Such tools support sense-making around the identification and prioritisation of development activities and create voice of those who would otherwise not naturally speak up. Using maps will also allow for communities to assess the development situation in other communities, which may facilitate a process of sharing scarce

development resources to address the most urgent needs based on compassion for the suffering of others.

It is therefore strongly recommended to fully mainstream an integrated area-based planning process starting at the community and Chiwog level. It is also critical that proper Participatory Rural Appraisal (PRA) and Participatory Learning Approaches (PLA) are used in the planning process, as well as in the monitoring of development activities and outcomes. In line with this, especially the capacity of **Tshogpas and Gewog Administrative Officers** (GAO) to understand development processes, to engage with communities and to facilitate community processes needs to be strengthened.

A better understanding of development assets and needs will also allow the **Gewog Tshogde** (GT) to decide upon development and plan priorities and on steering integration of sector activities for optimal development impact. Measuring development outcomes, more than plan activity progress, also allows for improved monitoring and adaptation of plans based on changing situations. In a similar way the **Gewog office** will be in a better situation to negotiate with the GT how to realistically match its own capacity to implement the development plan. The GT will therefore have a better ability to prioritise and plan complementary service delivery for more optimal impact and to address emerging needs and demands. The coordination of development efforts based on good data and area-based planning processes will also better allow the **Gup** to take up his designated role as "Mayor" of the Gewog. In a context of many good intentions, high demands and personalisation of relationships, good data will provide more adequate justification for also saying 'no'. The latter is important to ensure that plans are well prioritised, realistic and matched with adequate capacity for implementation.

In a similar way the **Dzongkhag Tshogdu** (DT) will be able to perform better and the **Dzongkhag administration** will be better able to match their capacity (and develop it) based on realistic development plans. **Sector Heads** can more easily prioritise and integrate their activities and decide on how their staff can best support the development processes. Availability of monitoring data of development outcomes will also allow for a more dynamic service delivery and facilitation of especially the 'How' of development. **Planning Officers** in a similar way have a better overview of all sector activities and how these can be better streamlined towards community demand and development processes. Eventually the multi-stakeholder collaboration will lead to better understanding of each other's interests and constraints and to a better understanding and learning on how to best facilitate the development process.

This learning and understanding will make it easier for DTs and Dzongkhag administrations to negotiate with **central level agencies** on support needs and on more authority in plan development, resourcing and implementation. More than performing tasks allotted or assigned by the centre, Local Governments need to be capacitated to develop their own locality specific development plans and to work on problems that often arise from these specific local environments.

Localising development planning and monitoring is all the more important considering emerging issues like e.g. Climate Change Adaptation, Disaster Risk Management or urbanisation. Instead of strengthening capacity for developing and implementing 'static' plans, capacity will be required for scenario-planning to address climate change or rural-urban migration and to anticipate unpredicted events. Good localised data for scenario planning and for impact monitoring is within this context even more essential.

At present there are already various initiatives exists and tools are available for such integrated area-based planning[2]. These, however, do not seem to be broadly and fully known, understood and applied in the planning process of all sectors. It is recommended to access good experiences and lessons learned and to integrate the strengthened area-based planning concept and scenario planning for Climate Change adaptation into the Local Development Planning Manual.

6.3.3 Local Governance for Development

Creating an overall vision for shaping local development process towards a GNH society is a powerful means to stimulate Local Governments and other stakeholders to perform. To implement this vision, we propose to define the overall capacity requirement of Local Government as follows (paragraph 2.1):

> *"Local Government requires the capacity to enable, stimulate and facilitate people centred local development, in order to achieve GNH development objectives and to create a society based on GNH-values."*

This statement highlights the requirement for Local Government (GNH-pillar no. 4) to effectively guide, and at times lead, the multi-stakeholder development process. As discussed above facilitating local development through multi-stakeholder processes can more effectively access the capacity of multiple actors towards local development goals. Local Government needs to ensure, however, that the multi-stakeholder process is conducted within the principles of good governance, ensuring that decision-making in the arena of local public affairs is participatory, open, transparent, rule-bound and subject to scrutiny of citizens.

Measuring progress in terms of development outcomes and impacts at the local level instead of plan implementation progress would over time also lead to a more open and outward looking civil service and to more empowered and responsive elected representative bodies. This will allow for strengthened participation of citizens and other stakeholders in local development processes, towards joined development outcomes. The interdependence for development outcomes and the more open engagement, will also over time increase the mutual accountability of stakeholders, which will further improve performance. In addition multi-stakeholder processes can generally also better facilitate mainstreaming of inter- and cross-sector issues like poverty alleviation, gender, environment, social justice, etc.

6.4 A Compassionate Way of Working

6.4.1 Asset-based Development and Appreciation for what Works

The present planning process is based on a needs assessment process, which highlights what communities do not have and what external sources need to deliver for local development. An unfortunate side-effect of a needs-based analysis is that the focus on what is absent and needs to be brought in by others, is disempowering for communities. It is therefore recommended to use an asset-based approach within the context of the above described integrated area-based planning process. The focus on 'assets' of a community, Chiwog or Gewog leads to

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[2] Examples: …

acknowledgement and satisfaction over what has already been achieved and to the empowerment of using what is already available, even without any external support.

Using tools like e.g. Appreciative Inquiry, resulting in a positive analysis, communities can more easily direct their own development process to areas for further improvement, making use of their own strengths and prioritising support from the Government. This generates a development process where communities take the lead and Government is providing support in service of the communities. Such a development process is more in line with GNH, but is also challenging. Communities need to be facilitated to see their own power and capacity and civil servants need to be supported to be real facilitators of development.

6.4.2   Competition for Resources or Compassionate Sharing?

Another side-effect of the present planning and prioritisation process is that the competition for scarce resources, leads to perceptions of 'winners' and 'losers'. Each Tshogpa 'fights' for resources for his/her own communities, albeit within the context of fairness. Applying compassion in action within the prioritisation process of an integrated area-based development plan, can lead to a better understanding of each other's wealth and suffering and a more compassionate weighing of priorities. The allocation of resources to those who need it most, and the ability to explain this based on good maps and information will allow for 'double happiness'. First of all communities will be happy with what is allocated to them in support to their own development process. Secondly some happiness will arise from the knowledge that they have been generous with helping others in need, in line with compassion in action and local belief systems. This will minimise the feeling of 'loss' over what never was an entitlement in the first place and will strengthen inter-community relationships.

For GNH-based local development it is therefore strongly recommended to include within the local development planning process approaches which emphasise compassion-in-action, compassionate collaboration and sharing of resources for the betterment of the whole. Approaches which create power differences, emphasise competition and create winners and losers, should be avoided.

Furthermore meetings and consultations should be designed to create equal-level platforms for all participants. The use of institutional powers should be minimised to ensure meaningful participation and to facilitate that the voice of those who are yet to be empowered is heard.

6.5   Sustainable Local Services

6.5.1   Rural Infrastructure Development

At present there is a rather singular focus on construction of rural infrastructure. The sustainability of services and infrastructure, in terms of e.g. asset management, rural transportation options and in general their contribution to development impact, are largely uncared for in practice. At the same time for some infrastructure works, manuals and guidelines do exist and sincere efforts are made to improve the existing situation. Since these efforts do not seem to bridge different levels of government and do not address different interdependent responsibilities and capacities, they seem to remain too much in isolation and therefore ineffective.

Most rural infrastructures require specific competences for their planning, design, construction and maintenance. For example irrigation systems and water supply & sanitation services have substantial community mobilisation components next to technical aspects. Rural roads in turn have substantial technically advanced challenges as well as community maintenance components. However, all infrastructure works are constructed by a pool of generalist and overburdened engineers at the Dzongkhag level. At the same time the 'software' of rural infrastructure, like the communicate mobilisation process and maintenance set-up, is to be provided by other sector staff. For example agriculture staff is responsible for setting up community water management structures for irrigation schemes and community maintenance structures for farm roads. Coordination and integration of this division of responsibility is in practice a major challenge and often insufficiently implemented. This division of responsibilities is a major bottleneck for sustaining infrastructure benefits.

At national level there is no singular organisation responsible to develop a vision and strategy for rural infrastructure and to provide support and a HRD strategy for Dzongkhag engineering sections. The DUDES, presently responsible for Dzongkhag engineers, does not have the capacity to do this adequately since it is already overwhelmed by the workload for the rapidly expanding urban areas. Considering that a substantial amount of Bhutan's development budget is allocated to rural infrastructure, it seems that calling for an integrated rural infrastructure development vision and strategy, supported by a well empowered national department, is reasonable.

It is therefore important to develop a Rural Infrastructure Development strategy to ensure quality services, good maintenance and sustainable service benefits over time. Such an integrated rural infrastructure development strategy could for example comprise of:
- Planning of an effective and efficient road network, using different road and trail standards for optimising road investments while creating maximum access (Dzongkhag Rural Access Planning);
- Design and construction of good quality roads and other rural infrastructure, which are 'climate proof';
- Dzongkhag level capacity of engineering sections for design and construction of roads and/or capacity for procurement of services;
- Income generation and skill development for communities during construction;
- Multi-year community contracting for road maintenance to ensure good quality road and to provide further income generation and skill development of communities;
- Complementary sector interventions to optimise benefits from road access, like access to education and health services, access to credit, support for cash crop development, small handicrafts and other small business opportunities;
- Providing nature conservation measures and e.g. Community Forestry initiatives to prevent over-exploitation of forest resources after creating road access;
- Research on social impact of road access and compensation for property loss;
- Research on rural labour availability for road maintenance in the long-term;
- Research on developing rural transport services.

6.5.2 Partnerships for Sustainable Service Delivery

Over the past years there has been an increasing move towards decentralization and devolution of responsibilities for service delivery to local levels of government. Local governments have experienced, however, a shortage of human and financial resources to fulfill their obligations in basic service delivery, especially in the context of continually growing

demand for services. The search for more innovative and inclusive approaches to the delivery of sustainable services to the poor has created a shift away from direct public sector provision to service delivery models with some form of partnership with non-state actors (NSAs): like e.g. private sector (profit-making), Non Governmental Organizations (NGOs), Community Based Organizations (CBOs), beneficiary communities and other formal and informal Civil Society Organizations (CSOs).

These Public-Private Partnerships (PPPs) are seen as an effective complementary way to mobilize resources, like expertise, technology and innovation to address the needs of the poor, by using the diversity and complementariness of the public sector and the diverse range of non-state actors. It is recommended that the usefulness of such PPP approaches for improved and expanded service delivery of Local Government is further investigated. It is also recommended to develop strategies for strengthening the capacity of Civil Society Organisations and private sector for their contribution to partnerships which expand and improve upon Local Government service delivery.

6.6 Organisation Development of Local Administrations

6.6.1 Ongoing Decentralisation Process

Decentralization and devolution of power in Bhutan aims to 'facilitate direct participation of the people in the development and management of their own social, economic and environmental well-being' as per the Local Governments' Act (2009). In other words, decentralization has been pushed forward as an essential element in achieving some of the main developmental goals of Bhutan. Decentralization recognizes that Local Governments elected bodies best represent the interests of local communities for fulfilling their aspiration and needs. There is therefore a clear need to strengthen the Local Government administrations.

Local development planning needs to be used as an instrument of social mobilization and participation. Clear understanding of development and area based planning needs to be established with very strong integration of sectoral objectives. Development planning will also need to be done based on potential of the areas. Physical and land use plans will need to be used for spatial translation of, and defining the spatial constraints for, development plans.

The roles and responsibilities of the GT, DT and Dzongkhag Administrations and the roles of government officials and elected leaders have changed with the enactment of the LG Act 2009. The responsibilities and extent of local government coverage and delivery have increased dramatically. Along with the pressures to improve service delivery adoption of a more inclusive developmental approach to local development needs to be ensured. All this has resulted in a the requirement of a whole new range of skills and competencies on the part of LGs, Dzongkhag Administration and elected leaders many of which are different from those needed in the past.   Therefore capacities will need to be developed in areas such as:

   (a)   Creative and innovative thinking
   (b)   Strategic planning, technical expertise and project management skills.
   (c)   Effective communication skills
   (d)   Leadership capability.
   (e)   Strategic thinking and planning

6.6.2 Human Resource Development and Management

Local Governments need to be delegated more authority in terms of Human Resource Management and Development of especially their sector staff to ensure proper performance incentives and accountability. It is furthermore recommended that Local Governments develop, resource and implement their own HRD strategies and plans. Decentralised HRD or CD budgets at the Gewog and Dzongkhag levels are therefore important. Central level support and coordination on CD activities is useful to ensure efficiency in resource use and access to quality CD providers.

6.7 Strengthening New Democratic Institutions

As described in paragraph 5.3.2 the new democratic institutions will have a key role in local development processes. The Gewog Tshogde and Dzongkhag Tshogdu will directly represent the people and are mandated to decide upon development activity prioritising and approve development plans. These representatives are also rooted in their local communities and will be able to keep a feel for the ongoing development process, progress as well as challenges. They therefore need to able to work within the community dynamics as well as within the more formal Tshogdu and with local public administrations.

They are required to be more independent from the local administrations and to represent the interests of the people. At the same time they need to understand the interdependence of their own function with other stakeholders in terms of achieving development outcomes. This is a rather new and demanding role, requiring substantial competences in e.g. communication, negotiation and conflict mitigation, for which CD support is definitely required.

6.8 Key Strategic Choices determining Local Government Capacity needs

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Key Strategic Choices for the CD Strategy of Local Government are:

Local Development based on Gross National Happiness entails:
- Development within the framework of four pillars: Sustainable and equitable socio-economic development (not growth), Environmental conservation, Promotion of culture and Good governance;
- The long-term process of shaping a society with an appreciation for interdependence and a world-centric view, based on GNH-values: compassion, caring, equality, truth, openness and continuous learning;
- Development as a dynamic process of transformation and social change, goes beyond the mere delivery of development services and products (the 'What'), and comprises the process of facilitating and stimulating learning and human development (the "How'). It is therefore a process within which citizens and communities are leading their own development;
- Local Government, being at the interface between government and citizens/communities, requires the capacity to enable, stimulate and facilitate people centred local development in order to achieve GNH development objectives and to create a society based on GNH-values.

> ***Key Strategic Choices for the CD Strategy of Local Government are (continued):***
>
> **Successful Capacity Development for Local Government entails:**
> - Understanding Capacity Development as the 'How' of development, as the continuous process of unleashing, strengthening, creating and adapting capacity over time. It is therewith an essential ingredient for successful transformation, and change and an integral part of local development;
> - Adopting a systems view on capacity and the Local Government system in Bhutan, where the Local Administrations, the democratic institutions and non-state actors interact in an interdependent process of enabling, facilitating and stimulating local development;
> - Addressing the three mutually interacting levels of capacity: the enabling environment, the organization and the individual and also the levers of capacity change: leadership, institutional arrangements, knowledge and accountability mechanisms ;
> - Appreciating the importance of relationships, of bridging different realities, powers hierarchies and interests, and the need for joint action to achieve development impacts.
>
> **Local Government capacity requirement is underpinned by:**
> - Local Governments have the responsibility to enable, stimulate and facilitate people centred local development, in order to achieve GNH development objectives and to create a society based on GNH-values.
> - Local development is a multi-stakeholder process where interdependency for development impacts requires collaboration and joint action. It is therefore also important to design key local development processes in a way which allows for all stakeholders to participate, engage, exchange, collaborate, learn and develop itself, for the benefit of overall development outcomes and impacts.
> - Local development needs to be supported on the basis of Chiwog, Gewog and Dzongkhag based integrated area-based planning processes with good maps and baseline information to enable, facilitate and stimulate local development as a dynamic process with continuous adaptation to emerging events.
> - Local Government needs to ensure, however, that the multi-stakeholder process is conducted within the principles of good governance, ensuring that decision-making in the arena of local public affairs is participatory, open, transparent, rule-bound and subject to scrutiny of citizens.

"Every man is guilty of all the good he didn't do."
Voltaire

Key Strategic Choices for the CD Strategy of Local Government are (continued):

GNH entails a compassionate way of working:
- Define and use asset-based development approaches, which value what exists and empower people to act with what they have, using e.g. tools like Appreciative Inquiry.
- Define and use approaches which emphasise compassion-in-action, compassionate collaboration and sharing of resources for the betterment of the whole. Avoid approaches which create power differences, emphasise competition and create winners and losers.
- Meetings and consultations should be designed to create equal-level platforms for all participants. The use of institutional powers should be minimised to ensure meaningful participation and to facilitate that the voice of those who are yet to be empowered is heard.
- Happiness at the work place is a powerful performance motivator. It is therefore important to acknowledge success and share appreciate for dealing with the multitude of challenges, while also maintaining an environment of constructive feedback and performance accountability.

Sustainable Local Services:
- Define and use Rural Infrastructure Development approaches, which ensure quality services, good maintenance and sustainable service benefits over time.
- There is a need to develop an integrated rural infrastructure development vision and strategy supported by a well empowered central level parent agency or department.
- Develop a strategy for the introduction of Public-Private Partnership approaches for improved and expanded service delivery of Local Government. Develop strategies for strengthening the capacity of Civil Society Organisations and private sector.

Organisation Development of Local Administrations:
- Local Governments need to participate more in dialogue and discussions on the ongoing decentralisation process, to ensure their interests are well understood and considered. Also the decentralisation process, notably the recently approved Local Government Act, needs to be monitored to ensure lessons are learned and emerging constraints and opportunities are identified.
- It is recommended to establish Local Development Teams (LDT) in each Dzongkhag, comprising of the Planning Officer (PO) and all the Gewog Administrative Officers (GAO), and to strengthen the existing GNH Committees.
- Local Governments need to be delegated more authority in terms of Human Resource Management and Development of sector staff to ensure proper performance incentives and accountability.

Strengthening of the new democratic institutions:
- The new democratic institutions will have a key role in local development processes. They are required to be more independent from the local administrations and to represent the interests of the people, while at the same time understanding their own interdependence with other stakeholders in terms of achieving development outcomes.

7 Capacity Requirements of Local Government

7.1 Capacity for What?

The key capacity required for Local Government, the "**Capacity for What**?", is:

> *"Local Government requires the capacity to enable, stimulate and facilitate people centred local development, in order to achieve GNH development objectives and to create a society based on GNH-values."*

More specifically, based on the strategic choices presented in Chapter 6, the Capacity requirements for Local Government can be further detailed in terms of the **Local Development process**. Capacity for:

- Local Development based on Gross National Happiness; a transformation process shaped by and in itself shaping GNH-values, within the framework of the four pillars.
- Capacity Development as an integrated part of the Local Development process, the 'How' of development within a systems view.
- Local development as an interdependent multi-stakeholder process, shaped by the principles of Good Governance and measured in terms of development outcomes.
- Sustainable service delivery to ensure long-term development benefits.
- Organisation strengthening of Dzongkhag/Gewog administrations and local elected bodies for Local Development.
- A compassionate way of working and empowering all to act upon assets that already exist.

The GNH-based Local Development process is primarily shaped through Bhutan's Local Development planning process, the Results Based Management system and the Planning and Monitoring System. These three tools or systems together, can be considered the fundamental **Local Development planning, implementation and monitoring system**. The proper functioning of this system, in the context of the GNH-based Local Development process, requires interdependent capacities from all stakeholders, and this system is therefore considered as the key entry point for analysing capacity requirements. This has been touched upon already briefly in paragraph 6.3.2. Additional capacity requirements are also analysed based on the detailed strategic choices presented in Chapter 6.

For reference the Local Development planning, implementation and monitoring system is depicted in figure 7 below. The main roles and responsibilities of key stakeholders are also highlighted in the same figure.
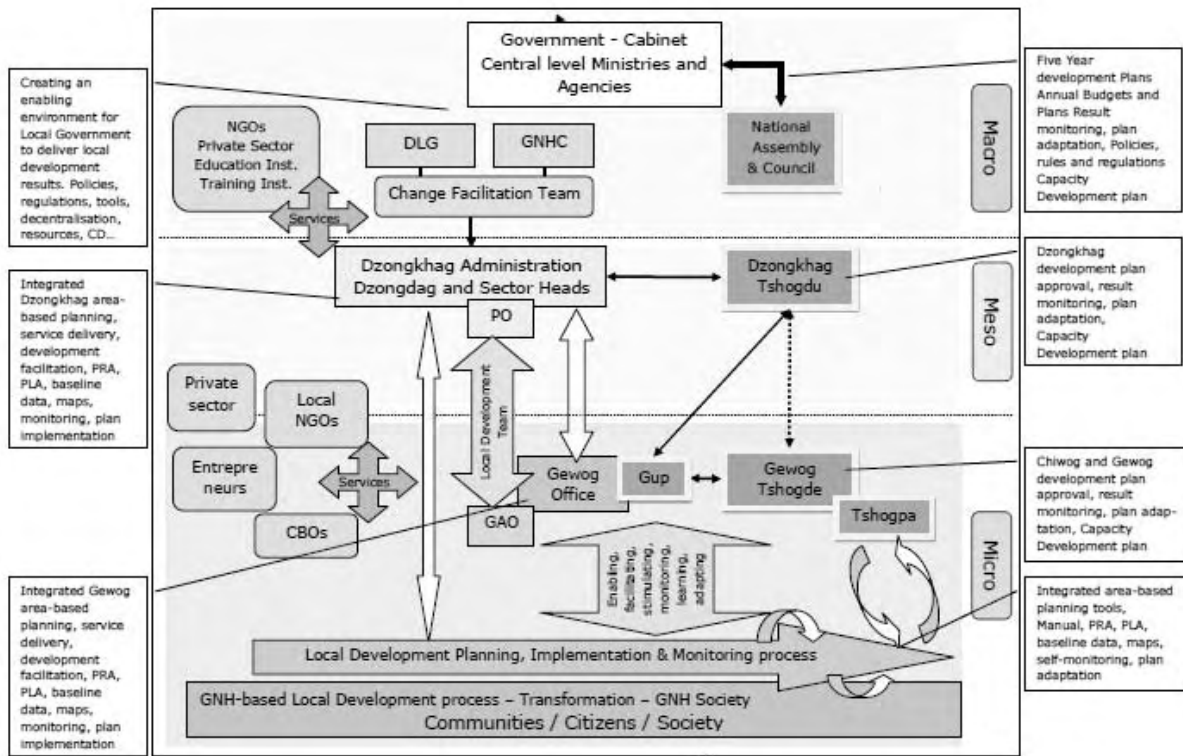
Figure 7, Roles and responsibilities of key stakeholders in the Local Development planning, implementation and monitoring system.

7.2 Capacity Requirements of Specific Positions and Organisations

Based on the Local Development planning, implementation and monitoring system the capacity of selected stakeholder organisations and specific key positions has been worked out. As mentioned capacity requirements have specifically be assessed in the light of the formal roles and responsibilities and the key relationships of different positions and organisations for joint action towards development impact.

Just as an example the capacity requirements of a Tshogpa has been assessed based on the formal roles and responsibilities of the position, as well as the nature of the relationships a Tshogpa needs to develop and maintain with others (Figure 8).
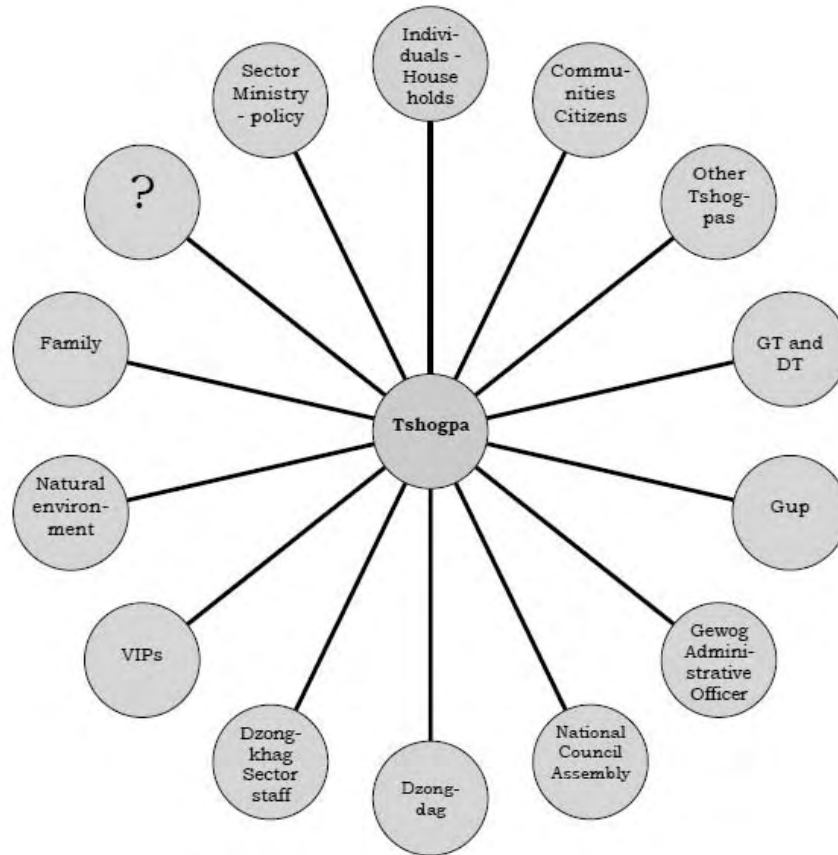
Figure 8, Indication of important relationships of a Tshogpa.

The capacity requirements for the following entities have therefore been analysed, with a focus on the Dzongkhag/Gewog level:

- Communities;
- Gewog Tshogde;
- Gewog administration;
- Dzongkhag Tshogdu;
- Dzongkhag administration;
- Dzongdag;
- Dzongkhag Planning Officer;
- Tshogpa;
- Gewog Administrative Officer;

- Gup and Mangmi;
- Tsodrung;
- Gewog Accountant;
- Gaydrung;
- Department of Local Governance;
- GNH Commission;
- Civil Society Organisations;
- Private sector;
- Education and knowledge institutes.

In Annex 3 the Key Roles and Responsibilities in the Local Development process and the key CD areas for involved stakeholders are presented in detail. Annex 4 presents for the same stakeholders the more detailed Capacity and Competency Requirements. These are the basis for the CD strategy and plan as presented in the next Chapters. For illustration sake in the next paragraph some key CD areas are presented for the different organisations and functions.

7.3 Key Capacity Development Areas

Organizations/ Positions	Capacity Development Areas	Capacity Development Learning Objectives
Community	• GNH-based Local Development process, GNH-values, citizen rights and responsibilities etc. • LD planning and result monitoring,) • Natural Resource Management and Environment Conservation (Training)	To enhance capacity of the community to own, manage and sustain development facilities aimed at the benefit of the community and adapt to various changes such as climate change, natural disasters etc.
Gewog Tshogde (GT)	• Governance and Leadership (Training) • Policy Orientation(Orientation) • Natural Resource Management and Environment Conservation (Training) • Gender and Development	Build the capacity of the GT as an institution at the Gewog level to help secure the best decision from the perspective of the community and ensure that progress can proceed in the best interests of local government and the people.
Gewog Administration (GA)	• Governance, Leadership and Service Delivery (Training) • Office Administration (Training) • Strategic Development Planning and Prioritization (Training) • Results Monitoring and Evaluation (Training)	The Gewog Administration should have the generic capacity to plan, manage, monitor and evaluate specific plans and programmes and ensure that plans are implemented within policies and the needs of the people.
Gups and Mangmis	• Performance Management (Training) • GNH, Leadership and Development (training) • Induction Training for Newly Elected Gups and Mangmis • Natural Resource Management and Environment Conservation (Training) • Participatory learning and action, PRA social development mapping,	Develop a clear understanding of the powers and functions of local government and all associated issues and the difference between the roles and responsibilities of Gewog Tshogde and Dzongkhag Tshogdu, Be able to provide guidance to GT and to render the service or manage service providers, and understand the requirements for local government, the functions of local government, and how to manage functions assigned to the DT.
Dzongkhag Tshogdu (DT)	• Governance, Leadership and Service Delivery (Training) • Policy Orientation(Orientation) • Relationship Building	Develop the capacity of the DT members for institutional building to help support the long-term development of local government and its partners within the recognized principles and strategies of good governance.
Dzongkhag Administration (DA)	• Performance Management (Training) • Strategic Development Planning and Prioritization (Training) • Basic Introduction to local Governance (Training) • Gender and Development • Results Based Management and PlaMs	Develop the understanding of the spatial, economic and political context of the Dzongkhag, the implications of development policies and government programmes, and of their implications for functioning and service delivery.
Dzongdag	• Performance Management (Training) • GNH, Leadership and Development • Basic Introduction to local Governance (Training)	Develop the ability to create and embrace effective participatory processes with stakeholders and the ability to create the basis for locally owned and locally focused planning. Establish accountability and transparency, ensuring a high standard of professional ethics within the Dzongkhag Administration

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Dzongkhag Planning Officers (DPOs)	• Results Based Development Planning monitoring and Evaluation (Training) • Gender and Development and Poverty Alleviation (Training) • GNH-based Local Development porocess, GNH-values (Orientation) • Asset-based and appreciative development approaches and tools (Training)	Develop the ability Lead and facilitate the planning and implementation of integrated area based planning and understand the context of integrated development planning and how they can contribute effectively to social and economic transformation.
Tshogpa	• Induction course (Planning and Prioritization and Leadership includes (GNH-based local development) (Training) • Citizen participation and deliberation processes, Multi-stakeholder facilitation, Role of the new democratic institutions at the local level	The capacity to learn how to do things better as an elected leader such as, how to conduct a better meeting, mediate disputes, and help community become more effective and productive in the best interests of the total community.
Gewog Administrative Officers (GAOs)	• Local Development Planning and Results Monitoring and Evaluation (Training) • GNH-based Local Development porocess, GNH-values, citizen rights and responsibilities etc. • Asset-based and appreciative development approaches and tools (Training) • Leadership and Development and Gender • Natural Resource Management and Environment Conservation (Training)	Develop the ability to assess the comparative advantage of the Gewog and develop a realistic understanding of local economic conditions and potential, and to facilitate appropriate local development.
Tsodrung	• General Management (Training) • Performance Management (Training) • GNH-based Local Development process, GNH-values, citizen rights and responsibilities.	Develop the capacity to promote the generation and sharing of knowledge and learning in order to enhance the collective knowledge of the DT and explore and implement new ways of delivering services that contribute to the improvement of DTs in order to achieve DTs objectives.
Gewog Accountant	• Training on GFMS • General Management and Service Delivery (Training)	To provide financial and management skills for Improved performance to support the GT in development initiatives and Gewog Administration
Gaydrung	• General Management and Service Delivery General (Training) • Office Administration	Develop capacity to support the function of the Gup and Mangmi and the Gewog Tshogdue and Gewog Administration.
Chipon	• Training on Communication and Mobilization • Citizen participation and deliberation processes	Develop their capacity to communicate and Mobilize Community
Department of Local Governance (DLG)	• TOTs (Training) • Policy Analysis (Training) • Participatory Planning Monitoring and Evaluation (Training) • Local Governance (Training) • Strategic Multi-stakeholder process facilitation (Training)	Develop the capacity to respond appropriately to and proactively approach local governance, administrative and development issues in order to gain a broader perspective on administrative procedures policies. Acquire skills to build networks with other organizations.

Gross National Happiness Commission (GNHC)	• Policy Analysis (Training) • Participatory Planning Monitoring and Evaluation (Training) • GNH and Development (Training) • Strategic Multi-stakeholder process facilitation	Develop the capacity to respond appropriately to and proactively approach development issues in order to gain a broader perspective on development policies.
Dzongkhag HR Officers	• Strategies, systems and approaches of staff in the organisation. • Ensuring better use of the organisation's staff improving performances. • Developing and analysing sound strategic HRM systems with recruitment, selection and development. • Monitor, evaluate, and reward performance of employees.	Develop the capacity of the HR Officers to about better results from teams and individuals and enable them to measure their performance within agreed frameworks of objective assessments and competence requirement.
Change Facilitation team	• Strategic Multi-stakeholder process facilitation • Appreciative Inquiry • GNH-based Local Development, LD planning and result monitoring	Develop the capacity of the Team to manage multisatkeholder and promote GNH based local development and manage and facilitate change at the Local level.
Dzongkhag Local Development Teams	• Strategic Multi-stakeholder process facilitation • Appreciative Inquiry • GNH-based Local Development, LD planning and result monitoring	Develop the capacity of the team to manage local development in line with GNH and be able to use appreciative inquiry for local development. Be able to manage multi-stakeholder processes.

8 Capacity Development Strategy

"We cannot solve a problem from the same level of consciousness that created it."
 Albert Einstein

8.1 The Design of the Capacity Development Strategy

8.1.1 Key Design Principles

The design of the CD approach for Local Government will be based on the following key design principles:

1. The key capacity required for Local Government, the "**Capacity for What**?", is:

    "Local Government requires the capacity to enable, stimulate and facilitate people centred local development, in order to achieve GNH development objectives and to create a society based on GNH-values."

2. The key entry points for the long-term process of developing LG capacities are:
    a) The GNH-based Local Development process, which is partly shaped through the supporting Local Development planning process, the Results Based Management and the Planning and Monitoring System, which necessitates multi-stakeholder based local development capacity and also mutual accountability for development results;
    b) Capacity Development is not a separate issue but an integral part of good local development (the 'How'). It therefore needs to be integrated in development planning as well as the daily behaviour of managers, representatives, staff and all others involved; and
    c) The empowerment of the new democratic institutions, within the Local Government system, is a critical part of successful local development;

3. The key strategic choices as presented in the previous Chapter will guide more detailed CD initiatives, either designed upfront or addressed as emerging issued during the CD process;

4. The understanding that CD is a long term change process, which is best to built on ongoing initiatives, making some quick wins in terms of rapid feasible changes combined with more incremental steps towards improvements and changes. Managers and key staff need to be capacitated to implement small bottom-up improvements using positive, inclusive multi-stakeholder approaches. Successful initiatives need to be realised and up-scaled where possible. For successful CD, professional change facilitation of the whole CD process of Local Governments is crucial. See next paragraph for a detailed analysis of how successful change can be achieved with this CD Strategy.

5. Scheduling of CD activities will be decided upon based on the needs arising from the CD and change process itself as well as the upcoming elections of local representatives and the Five Year Planning Cycle. Elections are foreseen towards the end of this year and the next

FYP cycle, where the adapted local development approach is proposed to be used, will start mid 2013. Linking capacity development to concrete demand, enhances learning transfer and -application and increases overall CD success substantially.

6. The acknowledgement that it is critical for successful CD strategies to be owned and supported by the implementing organisation, the Local Governments themselves. The CD Strategy is therefore not a 'one-fit-all' approach but a living CD strategy, which will undergo further intensive discussions and localised changes as part of the introduction and implementation process at Local Government levels. Only when this process is well facilitated, will organisational capacity be build beyond scattered individual capacities.

8.1.2 Winning the Change

The Capacity Development Strategy introduces new development concepts. which will be implemented through amongst others an adapted local development planning and monitoring process. Organisational results/outputs will be delivered within a multi-stakeholder process approach based on an understanding of the mutual interdependence for local development results. If not enough in itself, the added dynamic of new democratic institutions and 'new' Local Government mandates, will provide further challenges for Local Government capacity and performance. It is therefore crucial to right from the start acknowledge the substantial and demanding changes which will take place for all people and organisations concerned and to design the CD Strategy as a change strategy to ensure change will indeed happen in the desired direction and will be consolidated over time. The latter of course from the perspective that change is continuous and real 'consolidation' is therefore not an objective.

Kotter (1998), a Professor of Leadership at Harvard Business School, suggests that because change evokes resistance, a strong leadership team is essential. These leaders need "strong position power, broad experience, high credibility, and real leadership skill... diversity of views and voices" (p30) and perform as a strong team "real teams are built by doing real work together, sharing a vision, and sharing a commitment to a goal". An important component of this CD Strategy is therefore the establishment of a Change Facilitation Team (see further).

Kotter (1998) furthermore sets out **'Eight Steps to Transform Your Organization'** (p27-33). The design of and guidance for the change process of the CD Strategy for Local Government in Bhutan, is explained below based on these eight steps.

1. Establish a Sense of Urgency
The urgency for the CD and change process of Local Development in Bhutan is coming from:
   a) The urgent need to shape local development processes in line with the GNH development philosophy;
   b) The urgent need to strengthen the capacity of Local Government in line with the newly enacted Local Government Act;
   c) The urgent need to develop especially the capacity of the 'new' democratic institutions, mandated under the New Local Government Act, for which elections will take place towards the end of 2010;
   d) The urgent need to achieve the development results as projected in the Tenth Five Year Plan, by mid 2013.

e) The aim to base the Eleventh Five Year Plan (July 2013 – June 2018) on a Local Development process guided by the improved Local Development planning process with at its basis community driven transformation and development processes;

2. Form a Powerful Guiding Coalition

There is a need to assemble a group, the Change Facilitation Team, with enough political and professional support from e.g. the GNH Commission and the Cabinet, is to lead the change effort. The Department of Local Governance and the GNH Commission (and maybe some more selected stakeholders like RCSC) have sufficient cloud to guide and where needed 'push' the change process. For this to this to happen in practice, representatives from these key organisations need to work together as a change facilitation team.

3. Create a Vision

A clear and inspiring vision, to help direct the change effort, is provided by the GNH-based local development concept and the overall aim of Bhutan's government to shape a GNH-based society (Chapter 3).

4. Communicate the Vision

The Change Facilitation Team will be intensively engage with Local Governments on the consultation, introduction and adaptation of the CD Strategy. At the same time national Agencies need to be brought on board for which a good communication strategy needs to be developed. The Change Facilitation Team is to teach new behaviours and ways of working by example.

5. Empower Others to Act on the Vision

The new Local Government Act has handed down substantial powers to new elected bodies and the Gewog level. It is therefore crucial to capacitate and empower especially these bodies to take up their new roles and responsibilities, to understand and deal with resistance to change and to get rid of obstacles to change. To allow for this to happen, risk taking and non-traditional ideas, activities, and actions need to be stimulated.

6. Plan for and Create Short-Term Wins

It is important to plan and for visible performance improvements and to create them early in the change process. Such quick wins stimulate further change and embed part of the change in the new structures and systems under development. Some good examples of quick wins are to link the introduction of capacity for the GNH-based local development process change to the new local development planning manual and the mandate of the new elected bodies. Also some integrated area-based planning tools can be piloted in the first year and up-scaled in the second year, to allow for a broad introduction as part of the new FYP process. Furthermore setting up Dzongkhag Local Development team and strengthening their capacity will also lead to a higher immediate visibility of the change and a supportive structure, both of which are important. The LDT can also identify and promote rewards for employees who are pro-actively involved in the improvements and show exemplary personal leadership in their own right.

7. Consolidate Improvements and Produce Still More Change

The adaptation of the local development planning process, the planning manual and the tools will be designed, piloted, adapted and up-scaled over the initial two years, after which these will be an integrated part of the local development planning and monitoring process for all Local Governments. This system change will ensure improvements are consolidated and capacity development activities are continuously geared towards emerging demands

from the changing planning system. Also the capacity of the newly elected representatives will right from be based on the longer term vision for Local Government and the multi-stakeholder processes approach. Since new mandates and a new vision will make the new capacity requirements acceptable, resistance will be relatively small, and the new way of working can relatively easily be consolidated. Over time new constraints and capacity demands will emerge. The Change Facilitation Team will need to capture these and design appropriate action to reinvigorate the change process with new themes and change agents.

8. Institutionalise New Approaches

To institutionalise the change it is essential to articulate the connections between the new behaviours and organizational success. GNH-based development is based on a value system, which in itself will be actively promoted through e.g. asset-based development approaches, Appreciate Inquiry, the way meetings are conducted, promoting compassion at the work place, coaching, leadership development and other types of CD interventions. It will also over time be embedded in standard public sector training to ensure sustainability over time.

The CD Strategy will consider these eight steps in its design. CD targets and benchmarks will be developed to ensure successful change and adequate monitoring of progress.

8.1.3 Capacity Development goes beyond Training

One persistently flawed perception on capacity development still deserved particular attention. Training has been since long been a central element of CD and unfortunately in many cases training is still equated with CD. Within the context that CD is a multi-level and –dimensional process, which goes far beyond knowledge and skills transfer at the individual level, and embraces organisations, sectors, institutions and cultural contexts, training has failed, however, to deliver the CD results expected.

According to a World Bank evaluation (World Bank 2008) only half of the by WB-projects provided training resulted in improved capacity for development results. Making the leap from individual learning to workplace performance outcomes and, subsequently, to development capacity impact requires both good training design and an appropriate organizational and institutional context in which to apply the learning from training. Training therefore can be very effective if it is embedded within broader CD strategies that provide complementary support for the implementation of learning.

Also training builds development capacity only when trainees have adequate resources and incentives to implement learning in the workplace. It is therefore important to ensure that Local Governments own and implement as much as possible the CD strategy and have sufficient resources and capacity support.

The systems view on capacity, which is the fundamental base for this CD strategy, addresses in itself already many of the noted training shortcomings. The systems view highlights complex contextual factors, like regulatory or cultural barriers, which may negate potential effectiveness of training. It also helps to appreciate how well designed training could be effective within a local context with multiple levels of organisation and a complex web of relationships. In the next chapters different CD elements and activities will be explained, which together can shape a successful CD process at Local Government level.

8.1.4 Building on Existing Capacities and Capacity Development Initiatives

The Capacity Development strategy for Local Government is building upon existing systems and capacities. In many cases existing capacities are already significant and only need to be strengthened towards the improved Local Development planning, implementation and monitoring process. In other cases existing capacities are weak or non-existent, like for example for sustainable infrastructure development (weak) and for the first-time elected representatives (mostly absent).

At the same time at present several CD initiatives already are ongoing or have recently been implemented. The CD strategy will as much as possible build upon these CD initiatives and will strengthen possible complementarities. A list of main ongoing or recent CD activities and Local Development planning approaches, is provided in Annex 5.

8.2 Capacity Development of the overall Local Government system

8.2.1 Department of Local Governance

The DLG as the main coordinating body for local governance, needs to implement its role in ensuring compliance of LGs with the LG Act and other national laws, policies, rules and regulations. For this the DLG should needs to be able to provide strategic Capacity Development support to the LGs and help them in strengthening their institutional capacities to plan, implement, monitor and evaluate the local development process within the context of decentralized participatory planning. The DLG should also act as Coordinator of national oversight policies, functions and programs on local government and legal issues.

It is crucial to ensure that DLG has the institutional capacity to drive the CD programme effectively. For capacity development plans for Local Governments to be sustainable and effective in the long term, it is important that it is owned and spearheaded by the DLG. It needs to work with partners and institutionalise the activity within the DLG as part of the normal workings of the department. In keeping with the roles and responsibilities the DLG is seen to need capacity development in the following areas:

1. Coordination skills;
2. Analytical Skills;
3. Strategic multi-stakeholder process facilitation;
4. Trainer of Trainers (ToT);
5. Skills in development of monitoring tools;
6. Organizational strengthening; and
7. Strengthening of Human Resources.

8.2.2 Gross National Happiness Commission

The GNHC as the main planning agency should support the development of periodic development plans of the country and act as a coordinating and monitoring agency of the government, identifying program and policies, exploring and allocating resources for economic and local development. It should also act as a central agency for monitoring and evaluating development plans, programs and policies and serve as an advisory body to the Government on

policy matters and on development process and planning approaches. The GNHC should work in conjunction with DLG to ensure that support to Local Governments complies with the National development priorities. The capacity development needs are seen in the areas of:

1. Local Development planning approaches and tools;
2. Monitoring and evaluation of development plans, processes and results;
3. Policy Analysis and Strategic Thinking;
4. Strategic multi-stakeholder process facilitation.

8.2.3 Capacity Development and Change Facilitation Team

As expressed above in paragraph 8.1.2 it is critical for successful CD and change initiatives, especially at the scale foreseen in Bhutan with 20 Dzongkhags, to have a supporting Change Facilitation Team (CFT). The CFT can comprise of representatives from DLG, GNHC, Dzongkhags (Dzongdag and/or Planning Officer), Gewog (Gup and/or GAU), RCSC, CD consultant(s) and other stakeholders deemed relevant.

The key role of the CFT is to develop a CD 'programme' based on the CD strategy and plan, which includes support activities to the CD at Dzongkhag and Gewog level. This programme includes all CD plan activities as presented in the CD strategy, with in addition support initiatives to facilitate the change process, like multi-stakeholder workshops, seminars, on-the-job support, help line, lessons learned documentation and case studies on e.g. GNH-based local development, embedding successful approaches in planning & monitoring systems, identifying bottlenecks and constraints, seeking political support for decisions on emerging issues, coaching, communication, etc.

To allow the CFT to undertake this support role it will need to be capacitated on e.g.:
* Local Development as a transformation process.
* GNH-values and Appreciative Inquiry;
* Capacity Development practices;
* Facilitating strategic multi-stakeholder processes;
* Change Management;
* Coaching and Mentoring;
* Communication;

8.2.4 Rolling out the Draft CD Strategy at Local Government Levels

The CD Strategy is for Local Government a living document, developed based on field on visits and intensive consultations with Local Government and national level representatives. Still it is critical that the CD strategy is subjected to a broad introduction and consultation process at Dzongkhag and Gewog levels to ensure ownership and practical feasibility. The CD strategy will also feed directly into the Dzongkhag and Gewog CD plans which will be developed over time. It is therefore recommended that this consultation and adaptation process is taken up as one of the starting activities of the CD plan. It is foreseen that the CD strategy will be periodically adapted based on the continuous deliberations and lessons learned.

8.2.5 GNH-based Local Development Policy

The GNH-based Local Development concept and the CD Strategy need to be translated into an overarching policy framework. This framework will guide the adjustment and development of Sector Ministry and Local Government policies towards GNH development objectives. The framework will also need to stimulate that sector policies and activities are integrated for optimal support to the Local Development process.

It is important to understand that laws, policies and rules & regulations are tools to guide organisational and human behaviour and are to enable and stimulate local development processes. Monitoring of the impact and consequences of such policies and rules is important since in practice they can also lead to unforeseen negative consequences. It is not uncommon that an undue focus on enforcing the letter of the rules, combined with exercising inflexible institutional powers, leads to stifling local development initiative and to disempowerment of people and organisations, especially at the local level. Open reflection and dialogue is therefore a critical contribute to successful policy development.

8.2.6 Participatory Policy Development, Implementation and Monitoring

In line with the previous paragraph, there is a need for institutionalising participatory processes for developing, implementing and monitoring policies. Those who have responsibility to implement, often local government levels, and those who are to benefit, communities and citizens, are best positioned to ensure policies are successfully guiding development impact.

8.2.7 Integrated Area-based Planning and Monitoring Process and Tools

In line with paragraph 5.3, an area-based local development planning process and supportive tools need to be developed, based on the existing tools for local development planning and monitoring, like the Results Based Management system and also the Planning and Monitoring system (PlaMS). In addition successful other planning approaches and tools, already piloted in Bhutan, need to be integrated or made complementary. Examples are the Dzongkhag Rural Access Planning tool, the Sustainable Land Management Project approach, the Rural Economic Advancement Project tools, the Disaster Risk Management approach, etc (Annex 5).

Key contributes of the system needs to be promoting meaningful participation of all stakeholders at all levels and monitoring development on the basis of commonly agreed results and outcomes.

8.2.8 Asset-based Development and Appreciation for what Works

As discussed in paragraph 6.4.1, the focus on 'assets' of a community, Chiwog or Gewog leads to acknowledgement and satisfaction over what has already been achieved and to the empowerment of using what is already available, even without any external support. Appreciative Inquiry and compassion also stimulate positive values and mobilise energy for change and improvement. This therefore needs to be systematically promoted by integrating such values in local development planning processes and policies.

8.2.9 Sustainable Services and Rural Infrastructure Development Strategy

The local development planning process needs to encompass also the management and maintenance stages of services and especially of rural infrastructure. Local Government has a clear responsibility in achieving service sustainability, but present planning and monitoring systems are not paying adequate attention to this aspect.

Furthermore as described in paragraph 6.5.1 achieving good quality and sustainable rural infrastructure is dependent on many factors and multi-level stakeholders. An approach with isolated CD activities, like technical training or more engineering staff, will not result in substantial improvements. It is strongly recommended to develop a separate strategy for improvement of quality and sustainability of rural infrastructure and to establish a clear central 'parent' organisation in support to Local Governments.

8.2.10 Local Development Planning Manual

The by this CD strategy promoted GNH-based Local Development values, concept and approach, the asset-based and appreciative development approach, the sustainability of services, the compassion-in-action way of working, as well as the above improved local development planning process and tools, need to integrated in the existing (draft) Local Development Planning Manual. The monitoring of Local Government needs to be done on achievable development results and outcomes, not solely on plan activity progress. It is therefore also advised to more specifically address the roles and responsibilities of the different levels of government administrations as well as the new local democratic institutions in the planning process.

In addition it may be also useful to already address the interdependence of all stakeholders in terms of achieving development outcomes and the need to increasingly develop partnerships with non-state actors in service delivery.

8.2.11 Monitoring of Pilot Programmes and Up-scaling Good Practice

As mentioned a lot of good and innovative practice takes place with projects and sectors (Annex 5). Much of the lessons and successful approaches remain however unknown and are not mainstreamed. The rate of return on these investments is therefore unnecessarily low and a mechanism needs to be developed to inventor and monitor such learning approaches. Successful tools and approaches can be integrated in existing nation-wide systems for the larger benefit. It is proposed that within the sector Ministries, the PPD take upon themselves this responsibility and that either DLG or GNHC takes an overall lead in this.

8.2.12 Platform for Monitoring the Local Government Act Implementation

The Local Government Act and its rules and regulations have only recently been approved. Local Government organisations and national ministries and agencies still need to collaborate on understanding the implications and on making the new decentralisation work. It is therefore recommended to develop some mechanism or platform where experiences can be shared, where support can be obtained for interpretations and for monitoring consequences and lessons. This will empower Local Governments to lead the implementation of the new Act, with facilitation of central level government.

8.2.13 Piloting of Innovative Block Grant Systems and Out-of-plan Budget Allocations

The importance of continuing with the innovative decentralised block grant system at the Gewog level cannot be overemphasized, especially if budgets can be used for out-of-plan activities without cumbersome procedures. Financial transparency and accountability for decision-making and resource utilisation needs to be supported and so is the need to empower local government levels for flexible decision-making outside the fixed planning and financing processes. Local development can only be truly facilitated when emerging demands are captured and addressed. Without flexibility in resource allocation people are not empowered to monitor their environment for emerging issues and to act upon new demand. This capacity is, however, essential for moving away from the present nearly singular plan implementation focus.

8.2.14 Studies and Strategies

In support to strengthening the capacity of Local Government, the following studies or Strategies are recommended to be developed:
- Capacity Development Strategy for municipalities in Bhutan;
- Feasibility of Public Private Partnerships in Service Delivery of Local Government and assessment of capacity requirements;
- Capacity Development Strategy for Civil Society Organisations in relation to their potential contribution to Local Development processes;
- Capacity Development Strategy for private sector, especially the construction industry, for improved infrastructure development;
- In line with 8.2.9 above, a separate study on how to ensure the sustainability and environmental friendliness of rural roads.
- Effects of urbanisation on rural livelihoods and development strategies

8.2.15 Helpline for Local Government Staff

For general questions, clarifications, issues of interpretation on e.g. laws and rules & regulations or for sector related policies and issues, it would be good to have a helpline for easy reference.

8.2.16 Association of Gups and Gewog Tshogde

The Gup acts under the new Local Government Act as the 'Mayor' of the Gewog and the Gewog Tshogde in part as 'local councils'. Strengthening their capacity can be facilitated by developing support mechanisms for peer learning and peer support, like e.g. creating an Association of Gups and an Association of Gewog Tshodges.

8.2.17 Embedding GNH Values in Public Sector Functioning

GNH promotes values of compassion, caring, equality, truth, openness, reflection and continuous learning. Such values are essential for personal development, for organisational learning and for development of society as a whole. These values are to be promoted also by the attitude and behaviour of government officials and organisations, which also means that

institutional powers do not need to be overly emphasised in day to day work engagement. Creating open and constructive dialogue and space for deliberation and compassion in e.g. meetings and other participation structures, is an important means to stimulate learning and human development.

8.2.18 Access to Information and Openness on Decision-making

For allowing meaningful participation of citizens, access to information is essential. Local Government therefore need to have the capacity to collect and disseminate relevant information for internal accountability, transparency and well as external performance accountability. Adequate information also empower citizens and communities to lead their own development process, which can support Local Government substantially in achieving development outcomes.

8.2.19 Seminars and Conferences

To stimulate more discussion on the role and capacity requirements of Local Government, it is advised to organise regular internal and public forums for deliberation. This will create openness and will empower stakeholders to voice their successes and concern. The nature of information and knowledge thus acquired will substantially differ from that obtained from internal public sector monitoring and reporting systems.

8.2.20 Citizen Engagement and Deliberation Processes

More broadly the expansion of citizen engagement processes could be also considered for supporting dialogue, reflection and learning in society as a whole. A good example is the UN supported 'Solution-exchange', which is a e-platform for stimulating exchange on all kind of to society relevant topics. Other examples are e.g.:

- Participatory Policy development, through e.g. large scale public gatherings;
- More longer term Public Deliberation processes on issues relevant to society and it's values;
- Opening up internal working processes of the public sector to citizen participation;

8.2.21 Supporting Curriculum Development in Education Institutes

Local Development and its related knowledge areas could also be embedded within the education institutes in Bhutan, to ensure that future graduates when entering the job market are better suited for Local Government positions. It is therefore recommended for DLG and GNHC to discuss how existing courses could be adapted or new courses could be designed to cater for these new competences.

8.3 Capacity Development of Local Government Organisations

8.3.1 Dzongkhag Local Development Teams

A critical recommendation to capacitate Local Government administrations is the establishment of Local Development Teams, comprising of the Planning Officer (PO) and all the Gewog Administrative Officers (GAO). The collaboration will benefit coordination, reflection and professional learning and will improve the overall support to Dzongkhag and Gewog level plan implementation towards development impact. Team work is a valuable way for people and organisations to more effectively and efficiently use their capacities. The complexity of the multi-stakeholder supported local development process goes well beyond what a single staff-member can handle in isolation. Knowledge exchange, capturing leaning and providing professional and personal support in a team setting is therefore a must. The establishment of Dzongkhag Local Development teams (LDT) will therefore be crucial in developing organisational capacity at Dzongkhag and Gewog level for the implementation of the improved local development planning process.

The LDT will create an external focus with developing locality specific development plans and enabling, facilitating and stimulating development processes. The team will therefore have an important role in monitoring progress, documenting lessons learned and adapting plans based on lessons and changing situations. Allocating this role to the LDT will take the team's attention away from their at present more internal public administration orientated work. The Planning Officer has overall responsibility for the development planning process, which is an internal administrative process although it of course serves local development. Similarly also the newly appointed Gewog Administrative Office have an internal oriented function title, which may lead to a focus of their attention to work related to internal Gewog office administration. It is therefore advisable to, as part of the 'establishment' of the LDT, also rename these functions as e.g. Local/Dzongkhag Development Officer and Gewog Development Officer respectively, and to make their function content more local development orientated.

Allocating more responsibilities for delivering development impact, will provide a clear direction that performance of civil service is to be measured in development outcomes/impact. The PO and GAO function will then likely also attract those people who have an affinity with local development and have an affinity for hands-on stimulation of social change processes in communities.

8.3.2 Dzongkhag GNH Committee

The existing GNH Committee is the more formal coordination body at the Dzongkhag level and comprises the Dzongdag, the Sector Heads and the Planning Officer. It could be considered the 'Dzongkhag management team' and is tasked with designing the Dzongkhag development strategies and plans and with decision-making on development plan implementation. The committee is also to ensure more integration of sector activities towards local development impact. The work and lessons learned from the LDT, can feed into the Committee's agenda when decision-making is required on e.g. plan adaptation, re-prioritisation, new demands, policy development and impact monitoring.

These committees are at present mostly dormant. In the light of the added responsibilities for Local Government it is recommended to assess how these committees could provide a useful

contribution to the functioning of the Dzongkhag administrations and the local development process. It is therefore recommended to revitalise the Dzongkhag GNH Committees and to assign them clear responsibilities in line with this strategy document. Their capacity needs to be strengthened accordingly.

8.3.3   Dzongkhag and Gewog Profiles and Development Plans

The Local Development Teams are to be capacitated in supporting the development/improvement of Gewog and Dzongkhag profiles and in applying the improved integrated area-based planning process and tools. Each Gewog will develop its own locality specific development plan and the Dzongkhag its own Dzongkhag development plan. These plans will be the basis for the Eleventh FYP. It is recommended to give more authority Local Governments to prioritise development activities and to decide on how to integrate central level sector activities. It is also recommended to give more budget authority to Dzongkhags for resourcing the plan activities.

8.3.4   Dzongkhag-Gewog CD and Human Resource Management Plans and Budgets

The Dzongkhag Human Resource Officers will play a key role in strengthening organisation and staff capacities. The Local Government CD strategy and plan needs to be translated to CD plans for each Dzongkhag and Gewog, with delegated budget authority to these levels. Within the existing financial rules there is already a percentage-wise budget allocation at Dzongkhag and Gewog levels for Capacity Development. This budget is however underutilised and considering the large CD requirements will also most likely be insufficient in future. It is therefore recommended to have specific delegated CD budgets to Dzongkhag and Gewogs. This will empower Local Government to lead their CD process. The Dzongkhag Human Resource Officers will require taking the lead in developing and monitoring CD plans and in supporting budget allocations, for which substantial capacity needs to be developed.

8.3.5   Gewog Development Resource Centres

Good development planning and development results monitoring needs good information. Data collection and storage is therefore important for good development planning, especially considering the need for scenario planning for Climate Change Adaptation. In addition there are a fast number of (sector) laws, policies, regulations and guidelines which need to be understood or at least be accessible. Also many different fields of expertise are needed for understanding and facilitating complex local development processes. Next to specialist knowledge products it would also be useful to have more general resources like on the constitution, laws and democracy. To support the application of knowledge acquired access to development manuals, guidelines, toolkits, handbook and e.g. PRA, PLA and gender tools in the resource centre would also be very useful. It is therefore recommended to establish in each Gewog office, under the responsibility of the GAO, a small resource centre. This resource centre can also be linked to the internet once access is provided at Gewog level.

8.3.6   Lessons Learned Documentation and Horizontal Learning Exchanges

The Local Development Teams are to be capacitated to not only plan and monitor development activities and development policies, but also to capture and document lessons learned from

their development practice. Such case studies and lessons learned documents can be shared with other Dzongkhag LDT to enhance learning and spreading of good practice.

8.3.7   Annual Rewards for Best Performing Dzongkhag or Best Lessons Learned

To provide an additional incentive to LDTs for stimulating Local Development and for documenting and sharing lessons learned and good practice, a yearly reward could be considered for the best performing LDT and Dzongkhag.

8.4   People development

8.4.1   Competency Profiles Dzongkhag staff

The table overviews in Annex 4 and 5 provide an outline of roles and responsibilities and competences required for different staff functions and local representatives. It is recommended to develop more detailed competency profiles, based on adapted ToRs in line with local development objectives, for all positions. This will facilitate better identification of CD requirements and performance-based monitoring and reward systems.

8.4.2   Tailored Training

Good training design involves three characteristics (World Bank 2008):
- Use of appropriate and professional pedagogic design, matching participant's levels, including opportunities to practice learned skills;
- Provision of follow-up support to trainees to help them implement knowledge and skills acquired; and
- Targeting of training content, anchored in diagnosis of institutional and/or organizational capacity gaps, formal assessment of participant training needs, and strategic participant selection.

Training and curriculum design needs to be based on clear learning objectives related to knowledge, skills and tacit competences. Expert support for training design and adequate monitoring and evaluation of training results would therefore be recommended. Modular courses with in between support to on-the-job application of learning can be very effective. Successes and challenges of the implementation of learning can be discussed and a systematic reflection process can be building to support experiential learning. This can be supported through follow-up support like through 'training mentors', who can offer practical and theoretical support between training modules.

Annex 7 provides an overview of tailored training for specific Local Government organisations and positions. This overview includes training on identified cross-cutting issues, like GNH-based development, environment conservation, poverty alleviation, gender, sustainability, Disaster Risk Management, Climate Change Adaptation, Good Governance, etc.

8.4.3   Leadership Development Trajectories

Leadership has been identified as a critical stimulus for change and Capacity Development. It is therefore recommended to design leadership trajectories for key functions in the Local Government. A leadership trajectory is more than a leadership training, it includes also longer term support to translating leadership learning into practice. This can be done through e.g. peer coaching in learning sets or coaching in between the leadership training modules. Leadership trajectories or training will be very different in objective and design depending on the function. It is also possible to include leadership aspects in other trainings.

Key functions for leadership development:
- Tshogpas
- Gups
- Planning Officers
- GAOs
- Dzongdags
- Change facilitation team
- Strategic Multi stakeholder facilitation Team

8.4.4   Communication Techniques and Skills

Communication techniques and skills are powerful tools to share ideas and perspectives and to bring groups together to identify and access their collective knowledge and wisdom. This supports learning and change within groups and is especially suitable for situations where there are long-term or emerging problems for which engagement will be essential for successful resolutions.

8.4.5   Exposure Visits – Study Tours

In-country and international exposure visits or study tours for Local Government organisations, specific functions, communities and so forth, are a useful means to learn from success and failure in other localities. This is therefore a useful learning tool, if combined with follow-up support for translating lessons learned into own practice.

8.4.6   Coaching and Mentoring

Coaching and mentoring is useful in many settings, especially in change processes and leadership development programmes. It allows especially young and middle-level managers and professionals to access focussed and structured guidance from more experienced colleagues. Coaching tends to be more focussed on workplace challenges and issues and is mostly time bound. Mentoring is more often a long-term process of supporting an individual's career and personal development. Coaches and mentors are generally people from outside the individual's line management structure. Within the CD strategy we will focus on the usefulness of coaching. On individual basis people can also request for mentoring if deemed useful.

- As part of the benefit of working in the Local Development Team, the **Planning Officers** can coach and support the **GAOs** with their work and professional development. It is recommended that this is considered as part of the LDT ToR.

- It would be useful to provide **Dzongdags** with coaching support as part of their leadership trajectory. Dzongdags have not only a crucial part to play in the Local Government change process in Bhutan, but are also to deal with their own changing role and responsibilities. In addition they could also provide a more coaching management style to Sector Heads and Planning Officers for the overall CD process.
- The **Change facilitation team** will also be exposed to complex and demanding situations where people will have confusion and difficulties with proposed changes. To support them in providing support and guidance to others they themselves should have coaching support. In turn they could use coaching skills to provide personal and professional support to whomever is in need during the CD process.

8.4.7 Truth Telling

To change relationships between people and organisations, it is necessary to improve information flows in systems with more relevant and selective information. It is also necessary to overcome resistance to the changes in information flows, from entrenched interests. One successful, albeit very personal, way to do achieve this is to promote truth telling. Even if the truth is illusive it is important to point out lies and to put forward the truth. Too much of our destructive lifestyle is based on manipulated messages, which keep illusions of happiness alive. The truth is often tough and difficult to accept since it does not allow us to escape in the comfort we have created, it shows us the suffering around us and often the part responsibility we have. Truth telling, with compassion and in the absence of judgement, is an essential contributor to shaping GNH-values.

8.5 Access to Information and Communication Technology

8.5.1 Introduction

The Government is planning to provide all Gewog centres with internet access, and to establish Gewog Information Centres where all citizens can obtain access to internet. The introduction of Information and Communication Technology (ICT) at Gewogs deserves special attention because of its potential to facilitate and stimulate the CD of Local Government in the near future. In turn the sustainable provision of, and creating access to, ICT will also require in itself substantial CD initiatives. Below some issue related to ICT for Development and potential of ICT to enable CD are briefly discussed.

8.5.2 ICT Management and Literacy

Access to internet is not only determined by physical access but also by general literacy (e.g. English) and computer literacy (skills). Clearly ICT training is needed for many local officials, representatives and citizens to have full benefit of internet access. In the present local context, this will likely require more creative approaches in terms of explaining the internet and teaching people to access and benefit from it. In addition capacity is needed to manage the ICT infrastructure and to moderate internet content. There are many illegal and undesired uses of the internet, which need to be dealt with right from the start.

Another challenge is referred to as the 'last mile' connectivity. Access to internet for rural communities will remain difficult even if ICT will reach the Gewog centres. It would therefore be useful to develop a clear strategy on how to reach all citizens from the Gewog centres, with e.g. mobile phone technology and awareness/education campaigns. Many examples exist where relevant rural information is accesses through local small mobile phone shops, e.g. related to weather, market prices, etc. It is therefore also important to understand the kind of information which is demanded in rural areas. More innovative approaches are e.g. also access to finance through mobile phones. To develop a good understanding of demands and localised solutions it is recommended to develop a separate strategy for promoting ICT benefits and tackling the 'last mile' in connectivity.

8.5.3 E-governance

Some selected government services will be available as part of the e-governance service delivery programme, via internet. The programme is aiming to generate easier access to services, like permits and clearances, and also to shorten the duration of service delivery. It needs to be assessed what kind of capacity is at present available at LG level to manage this type of service and what CD support would be necessary.

This provides good opportunities for the development of resource libraries for government officials and elected representatives, providing access to all kind of general and sector laws, policies, rules & regulations. In addition a reference resource could be developed with relevant resources available worldwide on the internet.

8.5.4 E-learning

E-learning comprises a range of technology supported and web-based learning systems, which can be accessed relatively easily. All kind of short e-courses or training programmes can be provided to e.g. newly elected representatives or government staff on their roles and responsibilities, sector policies, government functioning, professional topics, etc. These courses can be provided by the government as tailor made courses or can be accessed from existing service providers.

In addition ICT allows for support networks to be established with e.g. exchange of ideas and practices, success stories, challenges and other learning opportunities. Furthermore peer coaching groups and 'learning sets' can be initiated where people support each other's personal development through regular on-line peer coaching sessions and other reflective practices. E-courses can be provided on selected topics as presented in the CD plan.

8.5.5 Distance Learning

Distance learning is considered part of e-learning. Many universities offer a wide range of distance learning opportunities to people who cannot attend study programmes in person. A wide range of short and longer-term courses can be followed, with formal accreditation. The newly acquired knowledge and insights can in principle be directly applied in a professional's work and study can be linked to practical cases of professional's experience in their daily work. This requires, however, pre-existing levels of language skills and study-skills and also sufficient time availability next to or within normal work. These conditions are not always met.

Another drawback is that students are not part of a student group and may become isolated. Distance learning courses can be provided on selected topics as presented in the CD plan.

8.6   Service Providers for Capacity Development

8.6.1   Existing Service Providers: Training Institutes

Globally the quality of service providers, often training institutes, is recognised as a potential limiting factor in training effectiveness. This not only because of their at times limited professional abilities in designing and providing tailor-made training, but especially because of their limited capacity in facilitating CD and change processes. Service providers are no longer to act as expert knowledge providers of learning through training, but need to see themselves as partners on a shared learning journey with broader CD approaches. Understanding capacity and change requires a challenging shift in mindset and competences of established training institutes.

The capacity of existing service providers needs therefore to be strengthened to ensure their ability to provide CD services beyond good training alone. At the same time staff of existing training institutes in Bhutan is often limited in their availability due to their dual function as teachers in regular education programmes. This limits their ability to provide more continuous support to CD and change facilitation processes.

8.6.2   Local Development Learning Centre

To stimulate GNH-based local development and capacity development thinking, it is also recommended to establish a 'local development learning centre'. To increase the capacity for the 'How' of development and social change it is vital to allocate more importance to knowledge and skill areas like rural development management, community mobilization approaches, capacity development and social change facilitation. Within existing training institutes there is a relatively high focus on e.g. Public Administration Management and Planning-based trainings. Although important, when this is emphasised too much, it can generate an inward looking public sector culture, focussed on improving internal processes in isolation from the development context.

Civil Society Organisations and especially NGOs as Service Providers are still in a very infantile state of development in Bhutan. There is therefore an urgent need to strengthen the capacity of existing NGOs and to stimulate the emergence of more NGOs which could work in partnership with Local Government in service delivery. The Local Development Learning Centre would potentially have an important role to play in strengthening the organisation capacity of NGOs and in improving their service quality.

It is therefore recommended to assess the feasibility of establishing a (non-governmental) Local Development Learning Centre in Bhutan, which can cater capacity development support for local development processes.

8.6.3 Civil Society Organisations

Considering the (potentially) important role of Civil Society in Local Government service delivery and in facilitating local development and citizen engagement, it is recommended to develop a CD strategy for the CSO sector as a whole.

8.6.4 Private Sector

Considering the already important role of the private sector in Local Government service delivery and the general weakness of especially the construction sector, it is recommended to develop a CD strategy for the private construction sector as a whole.

9 Capacity Development Plan

9.1 Comprehensive Overview of Capacity Development Activities

The detailed CD plan, comprising of all CD activities and training is presented in Annex 7.

10 Monitoring and Evaluation Arrangements

CD Targets – Benchmarks
M&E arrangements

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GUIDELINES FOR ANNUAL GRANTS FOR LOCAL GOVERNMENTS (Dzongkhags and Gewogs)

GROSS NATIONAL HAPPINESS COMMISSION
ROYAL GOVERNMENT OF BHUTAN
TASHICHHODZONG

1. Introduction

The 10th FYP will see the acceleration of financial decentralisation through the introduction of the system of Annual Grants for Local Governments (LGs)[1]. The Annual Grants (AG) System is based on the principles of financial decentralisation to LGs as stated in Article 22.18 of the Constitution. It is a mechanism for inter-governmental fiscal transfers to Local Governments.

The AG System will support bridging the gap between the characteristically ambitious Five Year Plan and the actual resource envelope. It will allow for greater predictability of resources for LGs, which should in turn facilitate enhanced participation and ownership of the planning process. It should also enable better prioritisation, development, and implementation of better local plans and programmes leading to an overall improvement of local service delivery. LGs, who best know diverse and specific local needs and priorities would benefit through this system by enjoying local discretionary choice and flexibility in resource and funding allocation across range of sectors and activities that they are mandated to deliver. The Annual Grants system would thus change the role of LGs from being spending agents of the centre into 'principals' in their own right.

2. Objective

This Chapter will outline the framework and procedures for operationalising the Annual Grants System for Local Governments.

3. Definition of Annual Grants(AG)

Annual Grants are the sum of all financial resources, allocated annually from Central Government to LGs, for implementing new development programmes/ projects and activities, and managing and maintaining existing service infrastructures and delivery of services. It includes both Current and Capital Grants.

3.1 *Annual Capital Grants* consists of Tied Grants and Untied Grants.

3.1.1 *Tied Grants* are resources allocated for LGs, for undertaking programmes and activities that Dzongkhag Tshogdus' and Gewog Tshogdes' have planned and prioritised in their 10th FYP. It consists of 80% of the total resources allocated to each Dzongkhags and Gewogs. In case of any deviation of activities from the 10th FYP, it will have to receive the approval from the GNHC.

3.1.2 *Untied Grants* are resources allocated for LGs, for implementing programmes and activities *over and above their 10th FYP*. It could also include activities in the
10th FYP. It consists of 20% of the total resources allocated to each Dzongkhags
and Gewogs. DTs and GTs must decide the programmes/activities within the eligible list of expenditures as spelt out in Annexure 1 & 2.

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[1] For the purpose of this document, the Local Governments are defined as the Dzongkhag Tshogdu(DT) supported by the Dzongkhag Administration, and Gewog Tshogde(GT) supported by the Gewog Administration.

The use of Untied Grants shall also be guided by Financial and Functional Assignments Framework. The Assignment of Functional and Financial Responsibilities Framework for Dzongkhags and Gewogs is drawn up as per the recommendations from the Good Governance +, 2005 and the Local Governments' Act, 2007.

The Annual Capital Grants are expected to provide predictability in the planning and budgeting cycle by providing upfront Indicative Planning Figures. Hence, it must be stated that for any programmes/activities undertaken with Annual Grants funding, **no supplementary budget** will be provided over and above the Annual Capital Grants. Any incomplete programmes/activities should be accommodated in the following year's grant.

The following types of activities are **NOT** eligible under the Annual Untied Grants:

a) Construction/maintenance/renovation of *privately owned* religious and cultural institutions (lhakhangs, choetens, goendeys, shedras, drubdras, anim dratshangs, lobdras, mani-dungkhor, chokhor-mani, lukhang, sangthab etc).

b) Programmes/Activities out of the Dzongkhag's and Gewog's mandated responsibilities in the Functional and Financial assignment framework.

3.1.3 **Earmarked Grants** are resources allocated towards the achievement of national objectives and targets set by the Central Government. It will translate into central activities being implemented at local level. In essence, it is similar to deposit works under the current system, whereby central agencies formulate the programmes while the Dzongkhags and Gewogs implement them. Plans and budgets for such programs may remain with the central agencies or be incorporated into the budgets and plans of LGs. It includes activities such as research and advocacy for health, environment conservation, gender mainstreaming, agriculture research, targeted poverty interventions, and new and/or reconstruction of large structures such as Dzongs etc., activities required to achieve international obligations such as achieving MDGs, national goals such as Gross National Happiness, regional development goals, and central agencies project tied activities.

3.2 **Current Grants** will be provided as part of Annual Grants System, as share to the Annual Grants for each LG, based upon formula determined by DNB, MoF. Current Grants are resources earmarked for appropriations for personnel emoluments, medical benefits, special allowances, travel, utilities, rental of property, supplies and materials, maintenance of property, other personal emoluments, hospitality entertainment, current grants, operating expenses, and retirement benefits.

In addition to Annual Grants received from the Central Government, LGs also have access to local resources mobilised through collection of local taxes such as land, house, and cattle taxes. *Other resources that LGs can tap are the labour contributions and   in-kind contribution from the communities.*

4.   Allocation Formula for the Capital Grants component

The allocation formula and the minimum access conditions will determine the size of the Annual Capital Grants and access to it. The formula for resource allocation of Capital Grants is developed to ensure objectiveness, equity and transparency in the allocation of resources amongst the LGs. The formula for resource allocation will be based on the following three factors with different weightage assigned to them.

Size of the Population: Population will be solely based on actual residency and not the number of people registered in the Dzongkhags and Gewogs to ensure equitable access to services. From the overall resource envelope, 70% of the total resource allocation will be allocated for population. The populous Dzongkhags will receive higher share of resources and vice-versa.

Poverty Incidence: The Dzongkhags and Gewogs with high poverty incidence will receive higher allocation and vise versa. 25 % of the total resource allocation will be based on incidence of poverty. This is in keeping with the poverty reduction focus of the 10th FYP.

Size of the territory: Geographic size or land area of the Dzongkhags and Gewogs will determine 5 % of the total resource allocation.

The resources for a Dzongkhag will be divided between Dzongkhag and the Gewogs in a ratio of 60:40. In order to make the Annual Grants System more viable and sustainable in the future, the future strategies would look into introducing performance incentives to ensure efficiency, introducing user fees and service charges and developing co-funding mechanism to support resource mobilization.

5.   Schematic Illustration of Annual Grant Allocation Formula
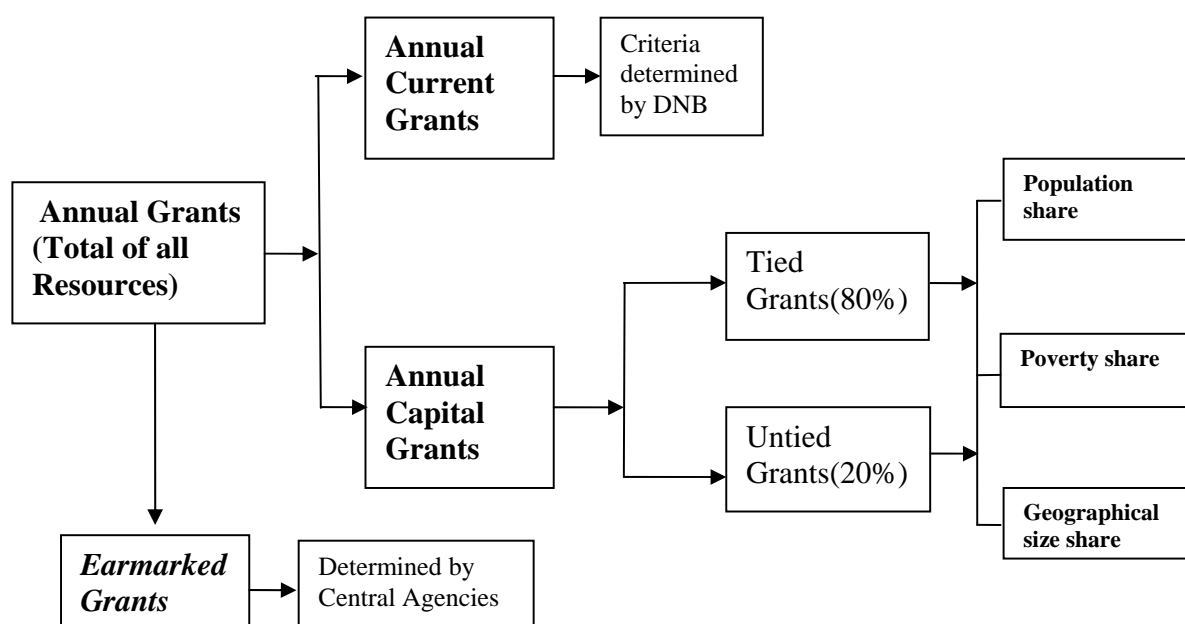
6.   Process for accessing Annual Capital Tied Grants (80%)for Dzongkhag Administrations

The Grants will be accessed through current practice of annual planning, budget release and accounting process.

And also as practiced currently, for monitoring and auditing purposes, normal documentary requirements like detailed work-plans, procurement papers, cost estimates and technical design prepared and endorsed by Dzongkhags, and technical sanctions will have to be submitted like before by the Dzongkhag Administrations for using the Grants.

7.   Process for accessing Annual Capital Tied Grants (80%) for Gewog Administrations

The Grants will be accessed through the annual planning and budgeting process (refer 9).

The budget releases will be made in bi-annual tranches i.e. there is no need to apply for budget released for each and every activity. For Gewog Administrations, normal documentary requirements need not be submitted to DNB but must be maintained at the respective Gewog Administrations for monitoring and auditing purposes.

8.   Minimum Conditions for Accessing Annual Capital Untied Grants (20%) for both Dzongkhag and Gewog Administrations

Dzongkhags and Gewogs have to comply with few core **minimum access conditions** (MCs) in order to be eligible to receive their Annual Capital Untied Grants (20%) as determined by the allocation formula. The MCs have to be fulfilled for accessing the funds and also for implementation of the funds. Failure to comply with these MCs will automatically lead to disqualification of the Dzongkhags and Gewogs from access to the Grants for specific fiscal year. The MCs will be reviewed yearly in order to provide progressive incentives especially for the Gewogs for improved performance/results.

The Minimum Conditions (MCs) needed for submission to GNHC and MOF for access to the Annual Capital Untied Grants for both Dzongkhags and Gewogs are detailed as follows;

     i.   Annual Dzongkhag and Gewog Plans[2] and budget in accordance with the functional and financial assignments of the Dzongkhags and Gewogs endorsed by DTs and GTs. The format for annual plan will be provided by Planning and Monitoring System (PlaMS) and budget format will be the same as currently used.
    ii.   Monthly accounts as per the Financial Rules and Regulations, 2001 (FRR) and existing guidelines of Ministry of Finance
   iii.   Minutes of GTs and DTs related to Annual Plans.

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[2] Priority must be given in LG plans to their respective spill over projects to ensure its completion.

## 9.	Planning, Budgeting and Fund Release Process

To have a clearer understanding of the process, Local Government planning and budgeting calendar is elaborated as follows.

Local Government Planning and Budgeting Calendar

Timeline	Activity/Event	Responsible/ Lead Agencies
Dec-Jan	*GNHC Secretariat releases Formula Based Indicative Plan figure(IPF) for Annual Capital Tied and Untied Grants to DNB, MoF[3].*	GNHC
	DNB, MoF issues Budget Call to Dzongkhags & Gewogs informing them of Annual Capital and Current Grants figures in the Budget Call for coming financial year.	DNB,MoF
	Dzongkhag administrations notify the Gewogs and Dzongkhag Sector offices of the Budget call.	Dzongkhag administration
	Gewog administration conducts meeting with Tshogpas and notifies them regarding Budget Call.	Gewog administration
	Tshogpas conduct village 'Zomdue' and submit prioritized planned activities to GT. Minutes of Zomdue to be submitted to GT.	Tshogpas
Jan-Mar	Dzongkhags & Gewogs, in line with the participatory planning process, execute their needs assessment, prioritisation, prepares proposals, prepare workplans and cost estimates with support from Dzongkhag administrations.	GT/DT. Dzongkhag/Gewog Administrations
	Gewog Administration submit proposals to GT. GT deliberates and approves on the same and allocates budget as per the IPF	GT/Gewog Administration and staff provide technical advice and support
	GT submits the endorsed proposal to DT. Dzongkhag administration & sectors submit proposals to DT for deliberations[4]	DT/Dzongkhag/Gewog Administrations
15th March	DT deliberates and reviews the proposals from the Gewogs and Dzongkhags, respectively endorsing Gewog plans and	DT & Dzongkhag Administration

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[3] All activities in italics(red) are new elements in the planning and budgeting cycle

[4] Due to the predictability of the budget under the Annual Grants system the Dzongkhags and Gewogs can go ahead with preparatory work such as technical drawings, getting clearances, tender documents etc in advance so as to prepare and launch the plan from the day the budget is received.

	budget, and prioritizing and approving Dzongkhag plans and budget.	
	DT forwards the approved plans and budget to Dzongkhag administration. Dzongkhag administration forward the consolidated Dzongkhag and Gewog plans and budget to DNB & GNHC	Dzongkhag Administration provide technical advice, support and coordination
April-May	*DNB and GNHC reviews and screens for compliance and delivery issues. GNHC also co-ordinates with relevant central agencies for adjustment of LG Annual Capital grants to central agencies' budget for activities to be implemented by central agencies. DNB compiles all Dzongkhag and Gewog budgets for submission to Parliament.*	DNB, MoF, GNHC
May-June	Parliament deliberates and enacts the National Budget Appropriation Bills	Parliament
June-July	DNB, MoF incorporates the resolutions of the Parliament, prints the Budget Appropriation Acts for distribution to all Dzongkhags and Gewogs.	DNB, MoF
July	*Dzongkhag Administration will apply for their Budgets.* *Gewog Administration will receive their first tranche of Annual Capital Grants for the 1st and 2nd quarters based on their Annual plan and fulfilment of MCs.*	Dzongkhag/Gewog Administrations. DPA, GNHC
October	*Dzongkhag/Gewog Administration will submit their financial and physical progress reports in line with PLaMS and PEMS/MYRB*	Dzongkhag/Gewog Administrations DPA, GNHC
January	Mid-Year Budget Review for compliance, re-appropriations, budget and plan delivery. *Dzongkhag/Gewog Administration will submit their financial and physical progress reports in line with PLaMS and PEMS/MYRB Gewog Administration will receive their 2nd tranche for the 3rd and 4th quarters of the Annual Capital Grants based on fulfilment of MCs.*	DPA, DNB, GNHC Dzongkhag/Gewog Administrations. DPA,GNHC
April	*Dzongkhag/Gewog Administration will submit their financial and physical progress reports in line with PLaMS and PEMS/MYRB.*	Dzongkhag/Gewog Adminstrations DPA,GNHC
Year round	Dzongkhags and Gewogs implement approved planned activities. Dzongkhags will submit their requests for budget releases of Annual Capital Grants, as and when needed over the course of the year *Monitoring and evaluation of Dzongkhag and Gewog Annual Plans in line with PEMS/MYRB, PLaMS/National Monitoring and Evaluation Manual.*	Dzongkhag/Gewog Administrations Dzongkhag/Gewog Administrations GNHC, DPA

10. Funding Flow

The funding from the RGOB will be transferred to the Letter of Credit account of the Dzongkhags and the Gewogs. To facilitate monitoring and reporting, the Tied and Untied Grants will be given their respective Financial Item Codes (FICs). The actual size of the transfers to each Dzongkhag and Gewog will depend on the allocation formula and the Dzongkhag's and Gewog's compliance with the defined minimum access conditions as mentioned above.

11. Release and Reporting Procedures:

In addition to the minimum conditions (MCs) mentioned to access the Untied Grants, *once the Annual Grant System is operational, the subsequent releases of funds for Dzongkhags and half yearly funds for Gewogs* will only be released subject to the fulfilment of following reporting requirements.

a) *Reporting Requirements*: Dzongkhags and Gewogs will follow the guidelines prescribed in the National Monitoring and Evaluation Manual of GNHC to monitor and evaluate the implementation of activities through Annual Grants. Confirmation that both the financial and physical progress reporting have been complied in accordance with reporting formats defined in Planning and Monitoring System (PLaMS) and FRR 2001.The financial and monthly accounts reports should be submitted to MoF through the Budget and Accounting System (BAS), whereas the physical progress reports should be submitted to GNHC through PLaMS for review and compliance monitoring.

The Dzongkhag Administration will play a lead role in consolidating and submitting the physical progress reports, the financial statements and monthly accounts in areas where the Gewogs are not able to submit directly to GNHC through PLaMS and to DPA through the Budget and Accounting System (BAS). The Dzongkhag Administration should also receive a copy of each physical progress report and financial statement from the Gewogs for monitoring purposes.

All fund releases depend on proper accountability for the last quarter but one. This is represented in the table below:

Dzongkhag Capital Grant Releases

Financial Year(FY)	Budget Release	Release Requirements
2009-2010	Tied Grants(80 %)- in line with 10th FYP	In line with existing budgeting and reporting procedures i.e same as practiced currently
	Untied Grants (20%)	Minimum Conditions (MCs) to be fulfilled, in addition to existing budgeting and reporting procedures.
2010-2011	Tied Grants(80 %)- in line with 10th FYP	In line with existing budgeting and reporting procedures. The existing procedures may change as the procedures are streamlined.

	Untied Grants (20%)	Minimum Conditions(MCs) to be fulfilled with M&E quarterly reports

Gewog Capital Grant Releases

Financial Year (FY)	Budget release	Release Requirements
2009-2010	1st tranche which includes 1st & 2nd quarter releases	Minimum Conditions (MCs) to be fulfilled
	2nd tranche which includes 3rd & 4th quarter releases	MCs to be fulfilled together with M & E reports of 1st qtr
2010-2011	1st tranche which includes 1st & 2nd quarter release	MCs to be fulfilled together with M & E of 2nd & 3rd qtr
	2nd tranche which includes 3rd & 4th quarter release	MCs to be fulfilled together with M & E of 4th qtr of previous year and 1st qtr of present FY.

12.   Unspent Annual Capital(Tied and Untied)Grants

The unspent funds of Annual Capital Grants *will lapse and will not* be given as top up to the next financial year's budget.

13.   Mid-year Review

Every year, there shall be a mid-year budget and plan review meetings with the Department of National Budget, Department of Public Accounts and GNH Commission. The purpose of this meeting is to review and discuss the delivery of the budget, progress of plan activities, need for budget re-appropriation to other activities or agencies and compliance issues by the agencies.

14.   Role of Dzongkhag Administration

The Dzongkhag administration will have an important role in supporting and monitoring the Gewogs' performance within the Annual Grants System.

- The Dzongkhag Administration will be responsible for their Public Expenditure Management(PEM), and in coordination with Gewogs will also support the Gewogs in planning, budgeting, costing, estimation, and implementation process, and consolidating the quarterly physical reports and financial reports in areas where direct reporting flow from the Gewogs to the MoF through BAS and MYRB, and to the GNHC through PLaMS are not operating.
- Dzongkhag Administration will be fully accountable for the use of Annual Grants including compliance with the reporting requirements, minimum access conditions and standard financial management procedures of the MoF including submission of monthly and quarterly financial statements and quarterly physical progress reports.

- Dzongkhag Administration should efficiently use the funds in accordance with the objectives of the Annual Grant System and also Grant Eligibility list of expenditures.
- Dzongkhag Administration should monitor and submit progress reports as per the prescribed procedures in the National Monitoring and Evaluation Manual of GNHC through PLaMS.
- Dzongkhag Administration will also monitor the general implementation of the Annual Grants and inform the GNHC and MoF about any problems, challenges and issues which may hamper the successful implementation of the Annual Grant System.
- Dzongkhag Administration will provide technical backstopping to the Gewogs during formulation and implementation of the plans and programmes.

15.   Role of Gewog Administration

- The Gewog Administration in coordination with GT shall be responsible for their Public Expenditure Management(PEM).
- Gewog Administration will be fully accountable for the use of Annual Grants including compliance with the reporting requirements, minimum access conditions and standard financial management procedures of the MoF including submission of monthly and quarterly financial statements and quarterly physical progress reports.
- Gewog Administration should efficiently use the funds in accordance with the objectives of the Annual Grant System and also Grant Eligibility list of expenditures.
- Gewog Administration should monitor and submit progress reports as per the prescribed procedures in the National Monitoring and Evaluation Manual of GNHC through PLaMS whenever possible.
- Gewog Administration should provide required information on progress regarding various activities concerning the operations of the Annual Grants System through Dzongkhag Administration.
- Specifically the Gewog Administrative Officer will be fully responsible in coordinating, compiling, filling and submitting the physical progress reports through Dzongkhag Administration.
- Specifically the Gewog Accountant will be fully responsible in coordinating, compiling, filling and submitting the financial reports through Dzongkhag Administration.

16.   Role of Gross National Happiness Commission Secretariat (GNHCS)

- Update and maintain database with the allocation criteria and indicative outlay in cooperation with the MoF, and   regularly improve the allocation formula for future allocation of funds to the Dzongkhags and Gewogs.
- Provide formula based Indicative Planning Figure (IPF) to the MoF for both Tied and Untied Grants on an annual basis.
- GNHC will ensure that the Dzongkhags and Gewogs comply with the monitoring and reporting guidelines of the National M&E Manual and PLaMS.
- GNHC will follow up on the physical progress reports from the Dzongkhags and the Gewogs and inform MoF on the Dzongkhags' and Gewog's compliance with the minimum access conditions and reporting requirements.

- Follow up on all reporting from the Grants System, clarify issues on the fund utilization, process the data, make analysis and inform the Dzongkhags and the Gewogs as and when required.
- Advise and facilitate especially the Gewogs in the transfer of Grants, fund utilization and reporting.
- Work with central level agencies on the incorporation of projects/activities that emerge from the LGs as central plans, into the central agencies workplans and make the requisite budget adjustments over and above the LGs Capital Grants with the DNB and DPA for the concerned central agencies.

17.   Role of Ministry of Finance (MoF)

- Submit Budget and Appropriation Bill to the Parliament for endorsement.
- Authorise and monitor the bank accounts for the transfer of Annual Grants to the Dzongkhags and the Gewogs.
- Ensure that MCs are met before the release of Dzongkhag and Gewog budgets.
- Ensure half yearly transfer of funds (equal instalments) to Gewogs , according to the formula based IPF provided by GNHC, to the dedicated account of Gewogs in a timely and predictable manner, i.e no later than on the 15th of July and 15th of January of the financial year.
- Ensure activity based transfer of funds to Dzongkhags, according to the formula based IPF provided by GNHC, to the dedicated account of Dzongkhags in a timely and predictable manner, i.e releases according to the activities should reach Dzongkhags no later than on the 15th of the first month of the financial year, and accordingly release the others as per the activities planned for implementation.
- Inform the GNHC on any condition which hampers or threatens to interfere with the successful implementation of the Annual Grants system.

18.   Role of Royal Audit Authority (RAA)

The RAA will conduct, as a minimum, an audit of the accounts of the Dzongkhags and Gewogs once in two years. *In addition to the financial audits, the RAA will also conduct performance audits to ensure that Dzongkhags and Gewogs have complied with the eligible expenditures listing and procedures related to this guideline.*

Eligible Expenditures[5] under the Annual Capital Untied Grants for Gewog Administration

A. Infrastructure

Gewog Administration
1. Construction and major maintenance of GT office, and supporting infrastructures
2. Visitor facilities (toilets, guesthouses, kitchens, stores, bathhouses)-(maximum
   10% of the total Annual Untied Grant)
3. Recreational areas (like parks etc)

Culture
1. Major maintenance of state owned smaller lhakhangs/cultural properties/heritage structures[6] including community lhakhangs
2. Crematorium

Agriculture
1. Construction and Maintenance of Farm Roads including bridges
2. Major maintenance of Power tiller tracks
3. Construction and major maintenance of Irrigation canals
4. Construction and major maintenance of Market sheds
5. Construction and major maintenance of Storage facilities
6. Major maintenance of Agriculture Extension Centres and supporting infrastructure.

Livestock
1. Construction and major maintenance of Livestock Extension Centres and supporting infrastructure and equipment

Forestry
1. Construction and major maintenance of Forestry Extension Centres and supporting infrastructure and equipment

Health
1. Construction of supporting Health infrastructure and purchase of specialised equipment for BHU-II and ORCs
2. Construction and major maintenance of RWSS
3. Construction and major maintenance of ORCs and maintenance of BHUs-II

Education
1. Construction of supporting educational infrastructure and purchase of equipment for Community Primary Schools.
2. Construction/purchase of equipment/supporting infrastructure for community learning centres.

3. Major maintenance of Community & Primary schools

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[5] The eligible expenditures list is derived from the roles and responsibilities of the Local Governments detailed in the Dzongkhag Yargay Tshogdu and Gewog Yargay Tshogchung Chathrims, 2002 and from the draft report of the Organizational Development exercise (ODE).

[6] New construction of lhakhangs only for resettled communities

Bridges & Tracks
1. Construction and major maintenance of suspension bridges
2. Construction and major maintenance of Cantilever bridges, bazams and wooden bridges
3. Construction and major maintenance of mule tracks and footpaths

ICT
1. Major maintenance of community information centres

Environment
1. Control and prevention of air, soil, water pollution and safe disposal of waste
2. Conservation and designation of watershed areas and water bodies/water source

Municipal (for Gewog Throms)
1. Throm facilities like street lighting, water supply, parking, footpaths etc.

B.   Non-infrastructure

1. Investment servicing cost (need for support to feasibility studies, engineering cost, planning, appraisal, advertisement, monitoring and follow-up of the proposals and activities)- (maximum 5% of total Annual Untied Grants)
2. Non income generating activities such as co-operatives, spiritual development, promoting volunteerism, social capital, community vitality, supporting age-old unique local cultural and religious practices (maximum 5% of total Annual untied Grants)
3. Chadri items (maximum 5% of total Annual Untied Grant)
4. Income generation activities(e.g eco-tourism, self-help groups, co-operatives)
5. Solar equipments
6. Office equipment and furniture
7. Establishment of Semi-commercial backyard farming including farm inputs/supplies, new breeds of livestock
8. Livestock development
9. Agricultural crop production
10. Prevention and control of dangerous and communicable human, plant and livestock diseases
11. Social forestry, nursery development, community forestry, forest fire fighting equipments and prevention activities, NWFP development
12. Environment conservation
13. In-country farmer's trainings

Eligible Expenditures under the Annual Capital Untied Grants for Dzongkhag (and Dungkhags) Administration

A. Infrastructure

Civil Sector (Dzongkhag Administration)
1. Construction & major maintenance of Guest Houses-(maximum10% of the total Annual Untied Grant)
2. Major maintenance of offices in and outside Dzong premises including office, and purchase of fire & safety equipments.
3. Construction & major maintenance of Crematorium
4. Construction & major maintenance of Dzongdag's and Drungpa's residences.

RNR (Agriculture, Livestock & Forestry Sectors)
1. Construction and major maintenance of RNR centres and building/purchase of supporting infrastructure/inputs.

Agriculture Sector
1. Construction and maintenance of large irrigation canals
2. Construction and major maintenance of market sheds
3. Construction and major maintenance of storage facilities

Livestock Sector
1. Construction and major maintenance of Veterinary Hospitals and building/purchase of supporting infrastructure/specialised equipment
2. Construction & major maintenance of slaughter houses

Forestry
1. Construction and major maintenance of supporting forestry infrastructure and equipment

Roads and bridges
1. Identification, prioritisation and maintenance of Feeder Roads[7]

Health Sector
1. Construction of BHU I and II
2. Supporting Health infrastructure, general laboratory diagnostic facilities and purchase of specialised and other requisite equipment for BHU-I
3. Maintenance of Dzongkhag Hospitals and BHUs-I, and maintenance of health equipments
4. Telemedicine and related IT

Education Sector
1. Supporting School infrastructure and purchase of equipment/furniture
2. Maintenance of Middle and Higher Secondary schools
3. Procurement and supply of school stationary, text books, games and sports goods, cultural activities goods, and scout goods

Municipal Sector (for Dzongkhag Thromde and Yenla Throms)
1. Urban facilities like street lighting, water supply, roads, parking, gates, footpaths, sports facility etc.
2. Cultural and recreational centres (museums, parks etc)

Culture Sector
1. Maintenance of dzongs, larger state-owned lhakhangs[8], goendays, choetens, shedras, drubdras, anim dratshangs, lobdras, mani-dungkhor, chokhor-mani,

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[7] Construction will be done by DOR but budget will come out of the Annual Capital Grants for Dzongkhags.

lukhang, sangthab, and other cultural properties which are of national significance, including supporting infrastructures such as toilets, kitchens, karmi sheds, dormitories etc.

Environment

1. Control and prevention of air, noise, soil, water pollution and safe disposal of waste.
2. Conservation and designation of watershed areas and water bodies/water Source.

B.   Non-infrastructure

1. Investment servicing cost (need for support to feasibility studies, engineering cost, planning, appraisal, advertisement, monitoring and follow-up of the proposals and activities)- (maximum 5% of total Annual Untied Grants)
2. Non income generating activities such as co-operatives, spiritual development, promoting volunteerism, social capital, community vitality, supporting age-old unique local cultural and religious practices (maximum 10% of the total Annual Untied Grants)
3. Chadri – (maximum 5% of total Annual Untied Grant)
4. In-country trainings- (maximum 5 % of total Annual Untied Grants)
5. Office equipment and furniture
6. Income generation activities(e.g eco-tourism, self-help groups)
7. Establishment of semi-commercial backyard agriculture farms, farm inputs and supplies, plant protection chemicals, new breeds of livestock
8. Development and implementation of marketing strategies for local agriculture produce.
9. Piloting of organic and other new/improved farming methods and techniques.
10. Prevention and control of dangerous and communicable human, plant and livestock diseases
11. Procurement and supply of AH medicines and vaccines
12. Farm trials of new fodder species
13. Designation and protection of biodiversity sanctuaries
14. Social forestry, nursery development, forest fire fighting equipments and prevention activities, community forestry, afforestation programmes, NWFP development
15. Environment conservation
16. Solar equipments
17. Livestock development
18. Agricultural crop production
19. E-governance programmes

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[8] New construction of lhakhangs only for resettled communities
   Note: Support for construction of staff quarters for all sectors in Dzongkhags and Gewogs through Public-Private Partnership(PPP model)