

Country Name	Local Governance and Decentralization Project
Kingdom of Bhutan	

I. Project Outline

Background	<p>Since 1980s, the Royal Government of Bhutan (RGoB) promoted decentralization and reformed legislative framework for district and block level such as establishment of District Development Committee (Dzongkhag Yargay Tshogdu: DYT)^(Note 1) and Block Development Committee (Gewog Yargay Tshogchung: GYT)^(Note 2) in order to promote people's participation in the decision-making process. Although the legislative framework was in place, the process of decentralization was still in transition. In order to realize the effective decentralization system in the country, the following challenges must have been tackled such as: (i) establishment of practical guidelines and standard operating procedure in implementation of the GYT Act 2002 and DYT Act 2002; (ii) coordination with related government line ministries and agencies; (iii) creation of discretionary fund for local governments; and (iv) capacity development of local government officers.</p> <p>(Note 1) DYT, which is replaced Dzongkhag Tshogdu (DT) from 2007, is responsible for construction of district hospital and feeder roads, provision of communication service, preparation of city and town development plan, forest management plan, and rural electrification plan.</p> <p>(Note 2) GYT, which is replaced by Gewog Tshogde (GT) from 2007, is responsible for planning, implementation and monitoring of the following development projects in respective Gewog such as water supply, irrigation, farm roads and bridges, outreach clinics, community primary schools, etc. Block or "Gewog" refers to a group of villages in Bhutan and is the sub-division of district or "Dzongkhag". Gewog is referred to as County in the glossary of the Constitution from 2008.</p> <p>The functions and responsibilities of DT and GT are determined by the Functional and Financial Assignment Framework between Gewog, Dzongkhag and the central government.</p>																
Objectives of the Project	<p>The project aimed to develop an institutional framework for planning, implementation and monitoring of block grants¹ and to enhance the capacities of local government officers including elected local government officials for the above works through implementing pilot projects using assumed block grants in the target three districts, thereby contributing to enhancement of public service delivery at the community level throughout the country.</p> <ol style="list-style-type: none"> Overall Goal: Public service delivery at the community level is enhanced throughout the country. Project Purpose: To institutionalize framework plans for strengthening local governance and decentralization in the Royal Government of Bhutan (RGoB) and make necessary arrangement for their implementation. 																
Activities of the project	<ol style="list-style-type: none"> Project site: Three districts (Haa district, Bumthang district, and Trashigang district and 25 blocks (Gewogs)) Main activities: (i) Provision of training/workshop for government officers at national level on planning, implementation and monitoring of pilot projects in accordance with GYT Act 2002, (ii) Development of guideline and manuals for the GYT Act 2002, (iii) capacity development of the Department of Local Governance (DLG) Inputs (to carry out above activities) <table border="0"> <tr> <td>Japanese Side</td> <td>Bhutanese Side</td> </tr> <tr> <td>1) Experts: 3 persons</td> <td>1) Counterpart personnel: 19 persons</td> </tr> <tr> <td>2) Trainees received in Japan: 14 persons</td> <td>2) Land and facilities: Project office</td> </tr> <tr> <td>3) Trainees in Third Country: 14 persons (in Thailand)</td> <td>3) Local cost: Salaries for counterparts and supporting staff, travelling allowance for training/ workshop, maintenance fee of the equipment and related utility costs</td> </tr> <tr> <td>4) Equipment: vehicle and office equipment (copying machines, computers, OHPs, typewriters, etc.)</td> <td></td> </tr> <tr> <td>5) Cost of local activities (cost for pilot projects, construction cost of 14 Gewog centers, training/workshop, etc.)</td> <td></td> </tr> </table>					Japanese Side	Bhutanese Side	1) Experts: 3 persons	1) Counterpart personnel: 19 persons	2) Trainees received in Japan: 14 persons	2) Land and facilities: Project office	3) Trainees in Third Country: 14 persons (in Thailand)	3) Local cost: Salaries for counterparts and supporting staff, travelling allowance for training/ workshop, maintenance fee of the equipment and related utility costs	4) Equipment: vehicle and office equipment (copying machines, computers, OHPs, typewriters, etc.)		5) Cost of local activities (cost for pilot projects, construction cost of 14 Gewog centers, training/workshop, etc.)	
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Ex-Ante Evaluation	2004	Project Period	March 2004 – October 2006 (Extension period: April, 2016-October, 201)	Project Cost	(ex-ante) 270 million yen (actual) 296 million yen												
Implementing Agency	Ministry of Home and Cultural Affairs (MoHCA)																

¹ Block grant was devised by the RGoB as discretionary annual grant to local governments. It was institutionalized into "Annual Capital Grant" for all 205 Gewogs in 2008.

Cooperation Agency in Japan	Meiji University Ministry of Internal Affairs and Communications
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II. Result of the Evaluation

< Special perspectives considered in the ex-post evaluation >

(1) Consideration of terminal evaluation results of Phase II and Phase III of this project

- After the completion of this project, the outcome of the project was further expanded through implementation of Phase II (2007-2010) and Phase III (2010-2014) of this project. The results of terminal evaluation for the Phase II and Phase III were considered in order to verify impacts and sustainability of this project's effects by this ex-post evaluation.

(2) Definition of Verifiable Indicator 2 for the Overall Goal

- The verifiable indicator 2 of Overall Goal is "Programs and systems are in place for enhancing administrative and management capacities among local government officials for public service delivery". However, it does not clearly mention what kinds of programs and systems are expected to be established. On the other hand, the Phase II and III were implemented mainly focusing on establishment and institutionalization of the Integrated Capacity Building Plan (ICBP) ² based on the results of this project. Considering the evolution of the project from the Phase I (this project) to the Phase II and III, it is understood that ICBP should be "programs and systems" mentioned in the indicator 2 of Overall Goal. Therefore, the ex-post evaluation confirmed the achievement status of the indicator 2 of Overall Goal by verifying "whether ICBP was developed and institutionalized as a program for capacity development of local government officials or not" at the time of ex-post evaluation.

(3) Sustainability

- Based on the above (2), this ex-post evaluation examined the sustainability of the project effects in terms of suitability of ICBP.

1 Relevance

<Consistency with the Development Policy of Bhutan at the time of ex-ante and project completion>

This project was consistent with Bhutan's development policy of "to promote decentralization and reform legislative framework for district and block level" as set forth in the policy documents including the 9th Five Year Plan (2002-2007).

<Consistency with the Development Needs of Bhutan at the time of ex-ante and project completion>

This project met the development needs of Bhutan to establish an effective decentralization system in district and block levels together with capacity development of government officers at district and block levels for management of block grants.

<Consistency with Japan's ODA Policy at the time of ex-ante evaluation>

This project was consistent with the Japan's ODA policy for the year of 2004 at the time of ex-ante evaluation, which was described in the ODA data book 2004, to prioritize to good governance including promotion of decentralization as one of four priority areas.

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement for the Project Purpose at the time of Project Completion>

The project purpose was partially achieved by the project completion. A model of planning and implementing block grants was established, and functional within the three pilot districts by the project completion. The GYT members, block functionaries and community members in the three pilot districts became able to capitalize on block grants and address immediate needs identified by the communities. However, an effective model for monitoring of the block grants implementation to ensure benefits for the communities from the block grant could not be established by the project completion because the project period was very short to barely implement and complete the 2 cycles of pilot projects.

Valuable experiences from the project, such as effects of the bottom-up planning process, which was expected to be utilized to refine the national block grants system under the 10th Five Year Plan (2008-2013), were accumulated locally. At the same time, more efforts were required to systematically review and consolidate the important experiences and lessons learned in order to refine the framework and systems for block grants before the 10th Five Year Plan.

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

After the project completion, the DT and GT in the pilot districts have continued to plan, implement and monitor their development activities with budget provided by the government based on the model established after the project completion. A National Monitoring and Evaluation System (NMES) has been set up by incorporating the Public Expenditure Management System (PEMS), Planning and Monitoring System (PLUMS) and Multi Year Rolling Plan Budget (MYRB). The Government Performance Management System (GPMS) aims at aligning budget to the objectives and real time monitoring and problem solving. After the project completion, various initiatives were taken by the RGoB and the experience of the project was reflected on the national strategy for decentralization as the model established by the project has been effective. For example, the Local Government Act of Bhutan 2009 was enacted on 11 September 2009 and came into force from 15 March 2010. In addition, the experiences through the project, greater flexibility in addressing the people's needs, development of leadership in GYT, greater participation through the bottom up planning, and so on, contributed to drafting of the Local Government Act. Also, the Guideline for the Annual Capital Grants for Local Government³ was formulated in 2010 by the RGoB. For those series of initiatives taken by the RGoB, The RGoB referred the "Lessons Learnt from Block Grant Pilot Projects" study conducted by JICA, the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) in 2008.

² ICBP is a human resource development program initiated by the Department of Local Governance as a set of standard training modules for local government officials in strategic development planning, as well as block heads (Gups) and clerks of Gups (Geydrungs) in general management, office and financial management.

³ The Guideline provides an overview of the various types of grant, the allocation formula for capital grants, the process of accessing the grants, the planning and budgeting calendar, the funding flows, release procedure and the eligible expenditure in accordance to the assignment of functional and fiscal responsibilities to the Local Government.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal was achieved. The RGoB initiated a system of the Block Development Grants in 2008 for 205 blocks nationwide. From the beginning of the 10th Five Year Plan (2008-2013), the blocks have planned, and implemented their development activities with budget provided by the government based on the formula for the Annual Capital Grant. In the 10th Five Year Plan, ICBP, which is based on the training program implemented by this project, was formally introduced. Through the implementation of Phase II and Phase III of this project, the framework of ICBP was developed and institutionalized as a program for capacity development of local government officials in 2012. 10 training courses⁴ for GYT members were identified as standardized module. Although a training calendar was prepared by the project, all the training courses have not been delivered as planned due to the lack of budget allocated by the RGoB. However, some of them, such as introduction course and local government leadership, have been delivered by other donors' support, such as the Local Governance Support Programm (LGSP).

<Other Impacts at the time of Ex-post Evaluation>

The project has a positive impact on improvement of the status and position of the block heads (Gups), who were elected. Before the project, the working environment of the block heads was poor due to lack of office, equipment and no support staff. However, the status and position of the block heads was enhanced after their working environment was improved by the project through provision of offices and office equipment.

No negative impact on natural environment was observed and no land acquisition and resettlement of people was implemented.

<Evaluation Result>

Although the project purpose was partially achieved, the project effects have been continued, and the overall goal was achieved. In addition, the project has a positive impact on the status of the block heads, and no negative impact was observed. Therefore, the effectiveness/impact of the project is high.

Achievement of project purpose and overall goal

Aim	Indicators	Results
<p>(Project Purpose) To institutionalize framework plans for strengthening local governance and decentralization in the Royal Government of Bhutan (RGoB) and make necessary arrangement for their implementation.</p>	<p>(Indicator 1) A model of planning, implementing and monitoring block grants is established, and functional within the three pilot districts.</p>	<p><u>Status of the achievement: Partially achieved</u> (Project completion)</p> <ul style="list-style-type: none"> A model of planning and implementing block grants has been well established in the project target area. GYT members, block functionaries and community members could capitalize on block grants and address their immediate needs. On the other hand, with regards to the monitoring of the block grants implementation, the project and the relevant authorities have yet to come up with an effective model. <p>(Ex-post Evaluation) continued</p> <ul style="list-style-type: none"> The Guidelines for the Annual Grants for Local Government was framed in 2010 which is four years after the completion of the project. The Government Performance Management System (GPMS) was established to align budget to the objectives and for real time monitoring and problem solving.
	<p>(Indicator 2) The experience and lessons learned from the project is reflected into national strategy for local governance and decentralization.</p>	<p><u>Status of the achievement: Not achieved</u> (Terminal Evaluation)</p> <ul style="list-style-type: none"> Valuable experiences, which were expected to be utilized for refining the national block grants system under the 10th Five Year Plan, have been accumulated locally. More efforts were required to systematically review and consolidate the important experiences and lessons learned in order to refine the framework and systems for block grants before the 10th Five Year Plan. <p>(Ex-post Evaluation) Achieved.</p> <ul style="list-style-type: none"> The Parliament of Bhutan enacted the Local Government Act of Bhutan 2009 on 11 September 2009 and came into force from 15 March 2010. It was further amended by the Parliament on 4 December 2014.
<p>(Overall goal) Public service delivery at the community level is enhanced throughout the country.</p>	<p>(Indicator 1) Annual block grants are introduced nationwide at the Gewog level, in accordance with the national strategy for local governance and decentralization.</p>	<p><u>Status of the achievement: Achieved</u> (Ex-post Evaluation)</p> <ul style="list-style-type: none"> The government initiated a system of Annual Capital Grant for 205 blocks nationwide in 2010. From the beginning of the 10th Five Year Plan (2008-2013), the blocks planned, and implemented their development activities with budget based on the formula for Annual Capital Grant provided by the government. For the period between 2008 and 2013, the government also introduced Constituency Development Grant up to Nu.10 million (1 Nu.=1.660 JPY as of March 17, 2017) per constituency to support decentralization and strengthen local government and to provide communities with access to small funds that are flexible and able to

⁴ i) Introduction course, ii) Local government leadership, iii) Planning and prioritization, iv) Project management, v) Community facilitation, vi) Environment, climate change, disaster risk reduction, vii) Basic engineering, viii) Finance and budgeting, ix) Office management, x) Dzongkhag unicode

		<p>meet emergent unplanned needs expeditiously.</p> <ul style="list-style-type: none"> From 2014 onwards the government introduced other annual block grant up to Nu 2 million each as “Gewog Development Grant.” This is in addition to annual capital grant budget.
	<p>(Indicator 2) Programs and systems are in place for enhancing administrative and management capacities among local government officials for public service delivery.</p>	<p><u>Status of the achievement: Achieved</u> (Ex-post Evaluation)</p> <ul style="list-style-type: none"> The Phase II and III of this project were implemented based on the results of this project and ICBP was institutionalized through establishment of standardized training module. With the emergence of and adoption of the Capacity Development Strategy formed in 2012, the revision of ICBP was carried out in 2012 for focusing mainly to local government officials at the block level. As a result, 10 trainings, such as introduction course and local government leadership have been identified as standardized training module.

Source: Department of Local Governance (DLG), MoHCA

3 Efficiency

The project cost exceeded the plan (ratio against the plan: 110%) because of an increase in pilot project activities in a second cycle such as infrastructure development for roads, bridge, community hall, etc. The project period was longer than the plan (ratio against the plan: 133%) mainly because of suspension of the project activities by the natural disaster, such as flood in 2004 and the delay of the second cycle of pilot projects by a delay of the Gewog center and additional procedures required for budgeting. Therefore, the efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

The RGoB has been very supportive to strengthen the local governance and decentralization in the country as evidenced by the current 11th Five Year Plan (2013-2018), the enactment of various relevant acts and rules and regulations, guidelines etc.

<Institutional Aspect>

The Department of Local Governance, MoHCA is in charge of implementing of ICBP. There are 9 master trainers in the government as follows: 2 persons for planning and prioritization (the Royal Institute of Management⁵); 2 persons for community facilitation (the Royal Institute of Management); 2 persons for project management (the Department of Local Governance); 1 person for leadership (the Paro Dzongkhag Administration); and 2 persons for engineering, (the Chukha Dzongkhag Administration). In addition, 10 new trainers were certified under the Phase II project. The number of active ICBP trainers including master trainers is sufficient to continue in order to conduct capacity development training for local government officers and GYT/DYT members under ICBP as mentioned above. For long-term sustainability of the various training curricula developed under ICBP, the Local Governance Capacity Development Working Group, which is an advisory body to the Department of Local Governance, was formed in 2012. The responsibilities of the working group are development and implementation, review and monitoring of the Local Capacity Development programme as per the Capacity Development Strategy developed in 2012.

<Technical Aspect>

The ICBP trainers trained themselves in their specific area under the Phase II project and have sustained their knowledge and skills for delivery of capacity development trainings for the local government officers. In order to enhance capacity of the local government factionaries, the RGoB launched LGSP for five years from 2008 to 2013 with support from Denmark, Austria, the Swiss Agency for Development Cooperation (SDC), UNCDF, and UNDP and provided training activities/workshops/orientation program for local government officials. The following guidelines are being used: (i) Local Government Rules and Regulations 2012, (ii) Local Government Development Planning Manual, (iii) Annual Grants Guidelines for Local Government (districts and blocks) 2010, and (iv) Guidelines for the Implementation of the Block Development Grant.

<Financial Aspect>

The target three districts have received the annual block grants from the RGoB. For example, the received annual block grants in 2015 were 335 million Ngultrum in Haa district, 406 million Ngultrum (Nu) in Bumthang district, and 1,046 million Ngultrum in Trashigang district. The annual block grant covered not only projects at the block level but also the district administrative expenditure to support the blocks. On the other hand, although the Department of Local Governance does not have fixed annual budget for implementation of ICBP so far, the Local Governance Capacity Development Working Group shall be responsible for development, implementation, review and monitoring of the Local Governance Capacity Development Programs as per the Capacity Development Strategy for the future of ICBP trainings. Also, the RGoB and donor partners fully recognized the importance of capacity development and they carried out a number of training activities/workshops/ orientation for local government officials as mentioned above. Following LGSP, from 2013 to 2018, the Local Government Sustainable Development Program (LGSDP) is under implementation with donors' support (DANIDA, SDC, UNDP/the United Nations Environment Programme (UNEP)/UNCDF and EU): in the year of 2014-2015, 350,000 Nu was allocated for 20 dzongkhags and 156,000 Nu. for 205 Gewogs as Capacity Development Grant. In years of 2015/2016, there was no grant, but in years of 2016/2017, the Human Resource Development Grant of 40 million Nu was provided from the Government of India. Beyond 2017, RGoB is seeking support from EU, that agreed to provide financial support for local governments for the coming 5 years, to carry out ICBP.

<Evaluation Result>

⁵ The Royal Institute of Management is a government owned management training institute providing professional knowledge and skills in management and public administration. The institute plays a key role in i) training and capacity development of the civil service, ii) capacity development needs of local governance institutions and agencies iii) supporting the private sector development.

In light of the above, no problem has been observed in terms of the policy, institutional, technical and financial aspects. Therefore, the sustainability of the effectiveness through the project is high.

5 Summary of the Evaluation

The project has partially achieved the project purpose and achieved the overall goal. A model of planning and implementing block grants was established, and functional within the three pilot districts, but a model for monitoring of the block grants implementation could not be established by the project completion. The experience and lessons learned from the project was accumulated locally, but it could not be reflected into national strategy for local governance and decentralization by the project completion. However, the experience of the project was utilized for formulating the Local Government Act of Bhutan 2009 and the Guidelines for the Annual Capital Grants for Local Government in 2010, following the institutionalization of Annual Capital Grant for 205 blocks nationwide in 2008. Through the implementation of Phase II and Phase III of this project, the framework of ICBP was developed and institutionalized for enhancing administrative and management capacities among local government officials for public service delivery

Regarding sustainability, no problems have been observed in terms of the policy, institutional, technical and financial aspects. As for efficiency, the project cost was higher than the plan and the project period was longer than the plan.

Considering all of the above points, this project is evaluated to be highly satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing agency:

- The Capacity Development Strategy under the Department of Local Governance should include new and emerging topics, such as health and safety, gender issues, community vitality, community contract protocol and legal framework, through the review of original initial modules of ICBP. The training program should be made mandatory in the Block Annual Work Plan and necessary budget for the training program should be provided from the District Development Grant (soon to be approved) and the Annual Capital Grant of the Local Government.
- More number of the Master Trainers should be trained to provide necessary support and back up for deliver trainings on the new topics mentioned above.

Lessons learned for JICA:

- The project was successfully implemented and brought about the expected outcomes, which were attributed by the following factors:
 - Timely intervention to support government's decentralization policy: The project was implemented at the right time when the government was moving forward to decentralization and strengthening local government. Therefore, it is essential to consider timing of project implementation in case where the project aims at capacity development of local government officers at the time of project formulation
 - Effective implementation of pilot project as OJT: Implementation of pilot project using the Block grant brought about not only capacity development of the local government officers through the process of pilot project from planning to supervision but also development of necessary physical infrastructure such as Gewog center. It is important to consider framework and objective of the pilot projects at the time of project planning.
 - Since the project component to reflect key project results in national policy initiatives were incorporated, the model of planning and implementation for Block grant and the capacity development trainings for the local government officers have been reflected into the policy initiatives. Therefore, it is preferable to consider a project component how to reflect the project results into policy initiatives in order to disseminate the project results nationwide under decentralization.



Gewog Office at Ura Block, Bumthang District



LG Officials at Katsho Block, Haa District



Public gathering at Bartsham Block, Trashigang District