



REPORT

MDG 1: achievements and scaling up strategies

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EXECUTIVE SUMMARY

Bhutan continues to make significant and sustained progress in achieving the Millennium Development Goals (MDGs). However, many projects face the challenge of ensuring that results and impact can be scaled up and/or sustained over time. While some external factors may take much longer to address, UNDP firmly believes that it can certainly re-align its strategies to enable scaled up support for development effectiveness at the local level. In this regard, the UNDP MDG Breakthrough Strategy (2010) stipulates that scaling up integrated local development initiatives will help accelerate progress towards MDGs through expanding local services to support MDG developing capacity of local agencies to deliver, and better aligning central and local institutional framework.

UNDP Bhutan led international development partners supports a variety of local development and governance projects with the goal to improve service delivery, related to MDGs, in concert with the Royal Government of Bhutan. Four of these are a) Rural Economy Advancement Programme (REAP), b) Poverty-Environment Initiative (PEI), c) Local Governance Support Programme (LGSP), and d) E-Governance. All these programmes/projects have the common objective of improving the lives and livelihoods of the people living in rural communities in Bhutan.

The objective of this report is to find and propose ways and means of increasing the impact of the above mentioned programmes and projects through exploring every possible avenue including finding synergies, linkages and integration opportunities in order to reach out to a larger number of rural communities with a high level of poverty incidence.

While Chapter One provides a snapshot of the Millennium Development Goals and incorporation of the first Millennium Development Goal of reduction of poverty and hunger into the Tenth Plan (2008-2013) as its overarching goal, the second chapter provides a brief highlight of the status of achievement of MDG 1 in Bhutan which by and large is on track. In discussing through Chapter Three the four programmes/projects one realizes that while significant achievements have been made, the programmes/projects are currently faced with a wide range of challenges, which urgently need addressing to accelerate the progress. The challenges and lessons learned shows that there are ample opportunities for integration, and finding synergies and linkages, offering opportunities to address the bottlenecks leading to the increased impact of the programmes/projects in order to reach a larger number of rural communities with a high level of poverty incidence.

These four projects/programmes – Rural Economy Advancement Programme, Poverty-Environment Initiative, Local Governance Support Programme, and E-Governance – have one common theme running through them – the poverty reduction; the only difference being whether the programme/project is a direct intervention to reduce poverty in the rural areas or is designed to contribute towards poverty reduction. Of particular interest is that of REAP. Although it aims primarily to contribute to the attainment of MDG 1, it has had positive spillover impacts across a range of MDG targets due to its holistic and integrated approach, providing greater opportunities for integrating other programmes/projects with REAP. Further, this initiative has demonstrated high impact in improving rural livelihoods through multi-sectoral approach targeting disadvantaged and vulnerable communities, and combining employment creation, environmental protection, and governance and capacity development interventions. It is evident that in the medium-term, an integrated approach at the local level is the most effective way to combat poverty and growing threats of climate change and natural disasters. Up scaling of the programme, along with other programmes, is called for.

Major Recommendations:

Chapter Four, on the basis of discussions in the third chapter offers a number of thematic recommendations; some major ones are as in the following:

Project/Programme Designs and Formulation:

1. Programme/project design phase must focus on achieving the intended outcomes, objectives and impact and prioritise and design activities accordingly taking a participatory approach. Such a plan must necessarily include the scope, time period, and implementation schedule, including contingency plans to address the specific localized issues and needs.

Institutional Arrangements:

2. Always engage Dzongkhag and Gewog Administrations and root all the activities through starting from the project identification for full cooperation and support
3. Strengthen the institutional arrangements at the national level for guiding the budget allocation process and wider aspects of fiscal decentralisation through strengthening of collaboration between MoF, GNHC and DLG.
4. Establish a Fiscal Task Force for local governments, with memberships from MoF, GNHC, DLG and elected representatives from local governments, that would: recommend improvements to the Government on the basis of annual (at least) review experiences with existing financing arrangements at the minimum, issue one annual report with analysis and recommendations. LGSP should initially provide short term TA to kick start its operations.
5. Facilitated by LGSP, create a formalized service delivery working group with task to assist DITT, DLG and G2C to come to agreement on an effective and strong central management mechanism that can ensure quality G2C services nationwide, at optimal cost.
6. LGSP need to support DLG specifically to ensure that LG concerns are adequately addressed in the CCs and G2C implementation and operations.
7. Urgently work out the relationships between local governments in particular the Gup's office, the local CC manager and the PPP operator setting out the role, authority and capacity of the administrations in relation to the CCs and the national overall operator in a way that up-holds the administrative and supervisory role of the Gup's Office. This exercise should also set out the roles and responsibilities of the DITT, DLG and the Dzongkhags in matters concerning the CCs and G2C e-services.

Involvement of Stakeholders:

8. Involve important stakeholders, including beneficiaries (as relevant), at every important stages of the programme/project so that unnecessary delays and problems do not occur during implementation.
9. Facilitated by LGSP, consensus must be reached among key central stakeholders (GNHC, MoF, DLG and Parliament) on the principles of budget allocations to local government and the procedures for making these more transparent.
10. Involve elected local government officials in planning and oversight of capacity development (CD) activities for LGs including Dzongkhag Tshogdu (DT) chairpersons which may be in the form of a "reference group" that is consulted on development, design and evaluation of CD activities.

Capacity Building:

11. Build capacity of the community members so that they are not only able to prioritize their problems and interventions in a rational and coherent manner, but also that the community participation improves both in terms of numbers and by gender, particularly by women.

12. Continue the provisions for recruitment of skilled house construction workers required (such as carpenters, masons) with provisions to train a few selected villagers on constructions and allied aspects.
13. Explore the possibility of using comparative advantages of UN specialized agencies in delivering professional support to programme interventions for full potential programme results, which are necessarily built into the capacity building of the nationals, both at the centre and at the local levels.
14. On a priority basis provide training and orientation of the newly elected members of the Gewogs focusing on – government rules and regulations, basic judicial processes, procurement rules and sectoral policies, contract management, supervision of works, planning and prioritization, management and administration, basic IT skills, use of PlaMS/PEMS, and Project Management Skills.
15. Strengthen DLG to manage capacity building and other core areas.
16. Enhance the capacity of the people in-charge of the CCs to not only operate the available facilities but also provide a range of services including helping community members and gewog administration in accessing e-services, writing letters and agreements both in English and Dzongkha, etc. This capacity enhancement would include raising their educational qualification requirement and training provisions.
17. Raise awareness, particularly among the rural population of the CCs and the services and facilities provided by it including the G2C e-services and how they might avail services and what it involves to avail such facilities and services.

Communication and Coordination:

18. Strengthen communication and coordination between the central executing agencies and Dzongkhags and between Dzongkhags and Gewogs, particularly at the implementation stage in terms of monitoring and reporting, including the training requirements.
19. Document ongoing practices and highlight opportunities and challenges for better coordination between development activities that achieve pro-poor intervention initiatives.
20. Establish a formalized coordination mechanism involving at the very least concerned agencies of DLG, DITT and G2C, including the eventual ownership of the project between DITT and DLG.
21. LGSP need to support DLG specifically to develop and strengthen coordination, supervision and monitoring systems for service delivery, as well as capacity, at central, Dzongkhag and gewog levels.

Monitoring and Evaluation:

22. Strengthen documentation of proper records in easily accessible and retrievable form of the programme and project documents, of the work plans and progress reports, of monitoring and evaluation reports, and any other specific studies carried out.
23. Enhance programme monitoring and reporting to include reporting against outcome/impact indicators and targets and against baseline. A format to capture results and outcomes could be developed and attached to PlaMS reports.
24. Strengthen Monitoring and Evaluation systems, including –

- Introduction of nationwide basic performance measurement system – largely a desk based, based on a simplified version of the draft performance assessment manual on local government public financial management performance.
- Initiate a system of formative research into local governance issues, including the quality of participatory planning, qualitative aspects of local regulatory work and local service delivery issues.

Financial Matters:

25. On a priority basis sustainable funding position needs to be secured as the scale-up programme will require even greater financial resources than what has been needed so far.
26. The initial budget allocations to local government needs to be more realistic and clearly allocated according to formula unless very specific programmes are identified and approved by parliament in a transparent manner.
27. Allocations of additional funds made available during fiscal year should primarily be done on formula basis (at least at the Dzongkhag level, if at Gewog levels is deemed unrealistic).
28. The mid-year budget review process should be made more transparent by involving MoF, GNHC, DLG as well as the DT. It would also be desirable if reallocations primarily is undertaken within each Gewog and Dzongkhag and approved by the DT.
29. Develop mechanisms for easier flow of and release of funds to the implementing agencies.

Sustainability and Viability:

30. In regards to the operation of CCs, make provision for certain rationalized amount of annual subsidies for all gewogs. A rough annual subsidy estimate for all gewogs including, except IT connectivity, all direct and indirect subsidies hovers round Nu.25.00 million per annum. Such subsidies may have to be even enhanced for those gewogs identified with having population living below poverty line.
31. So far as PEI is concerned, focus on sustainability ensuring Government can continue the process without external support. Activities contributing to this should be prioritised, e.g. activities targeting national training institutions to include ECP mainstreaming in the curricula for education/training for future civil servants.

Catalytic Activities:

32. Any intervention programme/project on poverty alleviation must necessarily incorporate components and activities that focus on meeting the basic human needs including improving the living conditions through renovation or construction of new houses.

More about G2C and CCs:

33. Revisit the rationale and therefore the establishment of the CCs and the project concept in light of the concerns and issues as highlighted above in conjunction with the recommendations made under 'Institutional Arrangements' here above.
34. Spearheaded and facilitated by the LGSP, the following need to be carried out –
 - Conduct pilots of the relation with and roles of the Gup's office in relation to the CC model, in at least 2 gewogs with CCs. At least one should be a gewog without other ancillary service providers.

- Conduct pilot of G2C service delivery through the Gup's office, in a gewog not scheduled for a CC in phase I, preferably a smaller, relatively remote gewog.
- Support DLG, MoWHS, and one or two municipalities/towns in perfecting and piloting an effective and appropriate OSS type service delivery model for large and medium size urban areas.

Integration and Synergies:

35. REAP is designed to be one holistic and integrated programme with the vision to cover 'five capitals' – human, social, nature, physical and financial. The programme must revisit the 'five capitals' and live up to it in its true spirit at the operation level as well. The positive spillover impact on other MDGs would further improve.
36. Raise the level of REAP from that of being focused to villages on their own to that of gewogs focusing on a cluster of villages depending upon the need. The current trend of focusing targeted villages on their own outside of the context the gewog within which are the villages have major operational limitations.
37. Integrate the other three programmes/projects into REAP for all operational purposes so far as the gewogs and villages in the gewogs are concerned with the implementation centres located within the gewog administration. This would warrant creation of a separate office at the central level located within the most relevant agency the operation and management of which being guided by a steering committee composed of important stakeholders. This would also warrant that all activities of this integrated programme be routed through the Dzongkhag administration and as discussed under "Institutional Arrangements" 4.2 above, the Gewog Administration needs to play a pivotal role in all these initiatives.
38. Following on recommendations provided under various preceding sections pertaining to the Gewog Administration, the Gewog Administrations' capacity will need to be greatly enhanced. However, this capacity enhancement at the gewog level needs to be seen in conjunction with the capacity at the Dzongkhag level as many of the capacity needs at the gewog level can also be covered from the pooled human resources at the Dzongkhag Administration. With this arrangement the Dzongkhag Headquarter will have the monitoring role for all the initiatives in the gewogs and villages.

Linkages:

39. Co-locate the "One Stop Farmers' Shop" (OSFS) of the Ministry of Agriculture and Forests in the CCs as one other service of the CCs. At the moment the OSFSs located at the level of gewogs meet two needs of the farmers: 1) government facilitating to make available for the farmers at the OSFS such items as animal feeds, agriculture tools and equipment, seeds, fertilizers, etc. without farmers having to travel outside of their gewogs; and 2) the OSFS buying the surplus products of the farmers and facilitating its sale with the support of DAMC, MoAF.
40. DITT, DLG and Marketing Division of DAMC need to work out ways and means so that ICT facilities at the CCs are used for marketing purposes for the farmers, including their agricultural products.
41. Strengthen and harmonize linkages between the development partners and executing agencies, between the executing agencies and sector ministries and other stakeholders including NGOs and CSOs at the central level; between the central executing agencies and the Dzongkhags and Gewogs; between the Dzongkhags and Gewogs; and between and among the service providers within the principle of one integrated whole Gewog Administration which has the pivotal role for the local development and service delivery in the gewog and the villages in the village.

ACRONYMS

ACG	: Annual Capital Grants
AGG	: Annual Grants Guidelines
BH	: Bhutan
BLSS	: Bhutan Living Standard Survey
BMIS	: Bhutan Multiple Indicator Survey
BTL	: Bhutan Telecom Limited
CCs	: Community Centres
CD	: Capacity Development
CeCs	: Community e-Centres
CICs	: Community Information Centres
CSOs	: Civil Society Organisations
DAMC	: Department of Agriculture Marketing and Cooperatives
DGTTF	: Democratic Governance Thematic Trust Fund
DITT	: Department of Information Technology and Telecom
DLG	: Department of Local Governance
DNB	: Department of National Budget
DPA	: Department of Public Accounts
DPs	: Development Partners
DT	: Dzongkhag Tshogdu
ECP	: Environment, Climate Change and Poverty
EU	: European Union
G2C	: Government to Citizen
GAOs	: Gewog Administrative Officers
GNHC	: Gross National Happiness Commission
GT	: Gewog Tshogde
HH	: Household
HPI	: Human Poverty Index
ICT	: Information Communication Technology
IMF	: International Monetary Fund
IRUDPA	: Integrated Rural – Urban Development and Poverty Alleviation
ISP	: Internet Service Provider
IT	: Information Technology
JAR	: Joint Annual Report
JSP	: Joint Support Programme
LDPM	: Local Development Planning Manual
LGs	: Local Governments
LGSP	: Local Governance Support Programme
MDG 1	: First Millennium Development Goal
MDGs	: Millennium Development Goals
M&E	: Monitoring and Evaluation
MoAF	: Ministry of Agriculture and Forests
MoF	: Ministry of Finance
MoWHS	: Ministry of Works and Housing Services
MVP	: Millennium Villages Project
MYRB	: Multi-Year Rolling Budget

NGOs	: Non Governmental Organizations
NHDR	: National Human Development Report
NSB	: National Statistics Bureau
OSFS	: One Stop Farmers' Shop
OSS	: One Stop Shops
PAR	: Poverty Analysis Report
PE	: Poverty-Environment
PEI	: Poverty-Environment Initiative
PEMS	: Public Expenditure Management System
PEN	: Poverty-Environment Nexus
PlaMS	: Planning Management System
PPP	: Public Private Partnership
PTTF	: Poverty Thematic Trust Fund
REAP	: Rural Economy Advancement Programme
RENEW	: Respect, Educate, Nurture, and Empower Women
RGOB	: Royal Government of Bhutan
RLP	: Rural Livelihood Project
RNR-RC	: Renewal Natural Resources – Research Centres
RSPN	: Royal Society for Protection of Nature
RWSS	: Rural Water and Sanitation Services
SASEC	: South Asia Sub-Regional Economic Cooperation
SDC	: Swiss Agency for Development and Cooperation
SDS	: Sustainable Development Secretariat
SESP	: Sustainable Environment Support Programme
SLMP	: Sustainable Land Management Programme
TA	: Technical Assistance
ToT	: Training of Trainers
UN	: United Nations
UNCDF	: United Nations Capital Development Fund
UNDP	: United Nations Development Programme
UNDP CO	: United Nations Development Programme Country Office
UNEP	: United Nations Environment Programme
UNFPA	: United Nations Population Fund
UNICEF	: United Nations Children's Fund
UNTFHS	: United Nations Thematic Fund for Human Security
UNV	: United Nations Volunteer
USD	: US Dollar
VDP	: Village Development Plan
VPPG	: Village Participatory Planning Guidelines
WB	: World Bank
WFP	: World Food Programme
YDF	: Youth Development Fund

GLOSSARY OF BHUTANESE TERMS

Chiwog	: Village
Dungkhag	: Sub-division of a district
Dungpa	: Sub-divisional officer
Dzongkha	: National language
Dzongkhag	: District
Dzongkhag Tshogdu	: District Development Committee
Dzongrab	: Assistant District Governor
Gewog	: Administrative block/county
Gewog Tshogde	: Administrative block/County Development Committee
Gup	: Elected block leader
Thromde	: Municipality

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1.1. Millennium Development Goals

In September 2000, 189 Heads of States and Governments agreed to the Millennium Declaration at the Millennium Summit and pledged to achieve tangible and quantifiable progress in development areas by 2015. This Millennium Declaration articulated a strong commitment to creating an environment, both at the national and global levels, that is conducive to development and the elimination of poverty and mainstreamed a set of inter-connected and mutually reinforcing development goals and targets.

The Millennium Development Goals (MDGs), comprising of eight major development goals and 21 specific targets (See Box 1.1), forms the principal means of implementing the Millennium Declaration. These eight MDGs, to be achieved by 2015 from the baseline year of 1990, included the primary goals of halving extreme poverty and hunger; achieving universal primary education; promoting gender equality; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability; and developing a global partnership for development.¹

It is more than a decade since the world leaders established goals and targets to free humanity from extreme poverty, hunger, illiteracy and disease. The Millennium Declaration and subsequently the MDG framework have inspired development efforts and helped focus and set global and national priorities. While much has been achieved across the globe, a cause for celebration, there is much more to be done at an accelerated pace given that there is just about four years left to the 2015 Millennium Development deadline. In this regard, Zukang (2011),² provides a succinct overview of the world's achievements and concerns, the highlights of which are as below:

Lives have been saved or changed for the better:

- Poverty continues to decline in many countries and regions
- Some of the poorest countries have made the greatest strides in education
- Targeted interventions have succeeded in reducing child mortality
- Increased funding and control efforts have cut deaths from malaria
- Investments in preventing and treating HIV are yielding results
- Effective strategies against tuberculosis are saving millions of lives
- Every region has made progress in improving access to clean drinking water

Despite real progress, we are failing to reach the most vulnerable:

- The poorest children have made the slowest progress in terms of improved nutrition
- Opportunities for full and productive employment remain particularly slim for women
- Being poor, female or living in a conflict zone increases the probability that a child will be out of school
- Advances in sanitation often bypass the poor and those living in rural areas
- Improving the lives of a growing number of urban poor remains a monumental challenge
- Progress has been uneven in improving access to safe drinking water

Zukang also makes a critical point in advancing efforts in MDG achievements that 'continued progress requires an active commitment to peace, equity, equality and sustainability' (5).

¹ Tenth Plan Document, Vol I, p.19. Even though this document mentions of 18 targets, global documents such as World Bank's (2010) Global Monitoring Report 2010 mentions as 21 targets.

² Overview to the United Nations MDG Report 2011, p.4-5

Box 1.1: Goals and Targets from the Millennium Declaration

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

TARGET 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day

TARGET 1.B: Achieve full and productive employment and decent work for all, including women and young people

TARGET 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

TARGET 2.A: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

TARGET 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015

GOAL 4: REDUCE CHILD MORTALITY

TARGET 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

GOAL 5: IMPROVE MATERNAL HEALTH

TARGET 5.A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

TARGET 5.B: Achieve by 2015 universal access to reproductive health

GOAL 6: COMBAT HIV/AIDS, MALARIA, AND OTHER DISEASES

TARGET 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

TARGET 6.B: Achieve by 2010 universal access to treatment for HIV/AIDS for all those who need it

TARGET 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

TARGET 7.A: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

TARGET 7.B: Reduce biodiversity loss, achieving by 2010 a significant reduction in the rate of loss

TARGET 7.C: Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation

TARGET 7.D: Have achieved a significant improvement by 2020 in the lives of at least 100 million slum dwellers

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

TARGET 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (including a commitment to good governance, development, and poverty reduction, nationally and internationally)

TARGET 8.B: Address the special needs of the least-developed countries (including tariff - and quota-free access for exports of the least-developed countries; enhanced debt relief for heavily indebted poor countries and cancellation of official bilateral debt; and more generous official development assistance for countries committed to reducing poverty)

TARGET 8.C: Address the special needs of landlocked countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the 22nd special session of the General Assembly)

TARGET 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures to make debt sustainable in the long term

TARGET 8.E: In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

TARGET 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

(Source: United Nations. 2008. Report of the Secretary-General on the Indicators for Monitoring the Millennium Development Goals. E/CN.3/2008/29. New York. in WB & IMF (2010). *Global Monitoring Report 2010: The MDGs After the Crisis*. p.xii)

1.2. MDG1 in the Tenth Five Year Plan

With Gross National Happiness as Bhutan's development philosophy, Poverty Reduction (with its target to reduce the incidence of population living below poverty line to less than 15% from 23.2%³ in 2007)⁴, has been articulated as the primary goal and overarching theme of the Tenth Plan to be realized through the overall macro strategies of vitalizing economic and industrial development, implementing national spatial

³ Poverty Analysis Report 2007, p.12

⁴ Tenth Plan document, Vol I, p.49, Tenth RTM Report, p.2 & 8, and MDG Mid-way Report, p.29

planning, synergizing integrated rural-urban development, expanding strategic infrastructure, investing in human capital and enhancing enabling environment.⁵

Learning lessons from particularly the Ninth Plan, in addition to the conventional mainstream development programmes of central agencies and local governments, a programme of targeted poverty reduction has been initiated and implemented in the Tenth Plan directly by the Royal Government as well as in collaboration with the NGOs and other agencies with relevant expertise to help the poor and vulnerable. The initiative is aimed to ensure that resources and development activities directly benefit the poor. In close partnership with those living in or vulnerable to extreme poverty, the initiative seeks to identify and develop the potential of the poor, increase their productive capacity and reduce barriers and improve access to sources of livelihood, including distribution of land to the landless and a programme of resettlement.⁶

While other macro strategies have immense potential to reduce poverty in the country, the strategy - Synergizing Integrated Rural-Urban Development for Poverty Alleviation – is of particular interest in this discussion of accelerating reduction of poverty and hunger. Linking rural poverty directly to the low levels of agricultural productivity and inadequate access to markets, economic opportunities, resources, assets and social services, the strategy is to effectively utilize urban and external market demand and consumption as important drivers for rural growth, income generation and enhanced productivity. Some of the highlights of this strategy are as follows:⁷

- Strengthening of the commercialization of agriculture and forest which includes: agriculture value-addition, promotion of horticulture and cash crops, establishment of community forests, including the commercial development of non-wood forest products and organic farming. This is anticipated to take place by way of developing downstream agro/forest-based industries that add value to primary agro-forestry produce collected or grown to further the income generation possibilities of rural families.
- Supporting development of small-scale and cottage industries, local handicrafts, textiles and arts, and various other off-farm activities and enterprises, including promoting community or rural based tourism and enhancing access to micro-credit facilities.
- Strengthening efforts to restructure and transform subsistence agriculture through enhancing production and productivity, expanding farm and feeder road networks and improving commercial orientation through innovative and relevant agricultural marketing mechanisms.
- Promoting intensive cultivation of crops including the selective introduction of monoculture forms of agriculture in certain areas on an experimental basis initially and encouraging specialization based on regional and local comparative advantages for production of goods and services; mitigation of impact of wildlife crop depredation is anticipated to be part of it;
- Permitting and facilitating the introduction of contract farming mechanisms as a measure to address the poor market service and access that affects many rural farming communities. This is intended to help protect small holder farmers overcome existing market constraints, minimize transaction costs and enhance market access.
- Strengthening existing farmer cooperatives with technical backstopping and assistance with material support in addition to promoting the formation of relevant new producer organizations.
- Developing and expanding rural economic and communication infrastructure such as local markets, farm and feeder roads, irrigation and drinking water schemes, electricity, and communication centers as they are vital for stimulating and sustaining a thriving rural economy.
- Establishing integrated Gewog centers to improve the delivery of development services at the local level on a concept of One-Stop-Shop;

⁵ Ibid, preface page & p.23

⁶ Ibid, p.23 & 39

⁷ Ibid, p.36-40.

- Strengthening local capacity to manage and implement local development plans and participate in political and development processes as well as development of relevant skills in the rural labour force; and
- Developing strategic partnerships with various local NGOs such as RENEW, RSPN, Tarayana Foundation and YDF to help implement targeted poverty interventions to promote off-farm enterprises to diversify rural sources of income.

The Tenth Five Year Plan (2008-2013) envisages a total indicative capital budget outlay of Nu.73,611.759 million. Of the total indicative capital budget outlay, Nu.20,301.069 million (27.58%) is directly appropriated to the theme of "Integrated Rural – Urban Development and Poverty Alleviation (IRUDPA)" under various strategic programmes. The strategic programme of "Targeted Poverty Interventions" is earmarked a budget outlay of Nu.1,000.000 million, representing 1.36% of the total Tenth Plan outlay and 4.93% of the budget outlay for poverty alleviation theme.⁸

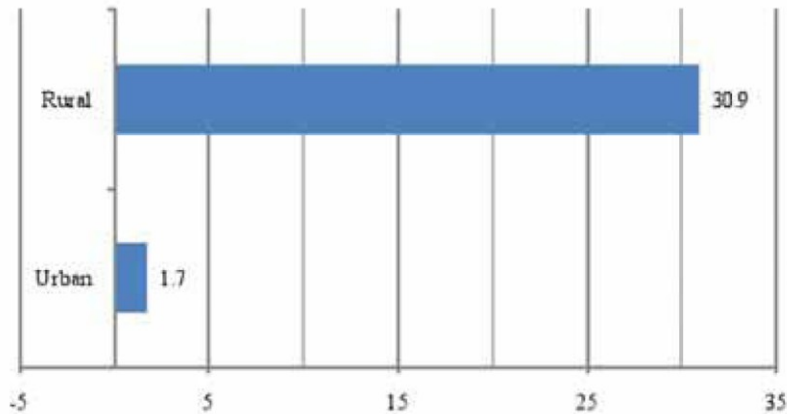
⁸ Tenth Plan document, Vol II, p.1-2

2.1. Proportion of people living below poverty line

In its short development history of just about half a century, it is remarkable that Bhutan has made tremendous socio-economic progress. Poverty, however, is still prevalent in Bhutan. With the national poverty line established at Nu. 1,096.94 per person per month in 2007 (less than US\$1.25 a day = newly established international poverty line), the Poverty Analysis Report 2007 (PAR2007) estimated 23.2% of Bhutan’s population as poor. Further, the richest 20% of the population consumes almost eight times more than the poorest 20%. The report also highlighted that poverty in Bhutan was a rural phenomenon, that three out of every ten persons in the rural areas were poor. This means PAR2007 estimated 30.9% of the rural population to be poor against only 1.7% of the urban population estimated as poor (Chart 2.1).⁹ Income poverty by Dzongkhags, five Dzongkhags of Zhemgang, Samtse, Monggar, Lhuentse, and Samdrupjongkhar are suffering from high incidence of income poverty levels ranging from 52.9% to 38%. These five Dzongkhags account for half of all the poor in Bhutan with the poverty incidence in these Dzongkhags collectively almost double the national average.¹⁰ (Chart 2.2)

Further, these poor Dzongkhags are characterized by their distance from the core urban centres and the capital, relatively dense populations, coupled with high outbound migration. Poverty rates not only vary between the Dzongkhags, it also varies significantly between *Gewogs* within a Dzongkhag, consequent of which the national and/or Dzongkhag level poverty estimates often have the tendency to mask a rich diversity across *Gewogs*. (Chart 2.3) For instance under Chukha *Dzongkhag* (Chart 2.4), Bjacho *Gewog* has a low poverty rate of 6 percent while Logchina *Gewog* has an extremely high poverty rate of 55 percent.¹¹

Chart 2.1: Large rural-urban income poverty gap



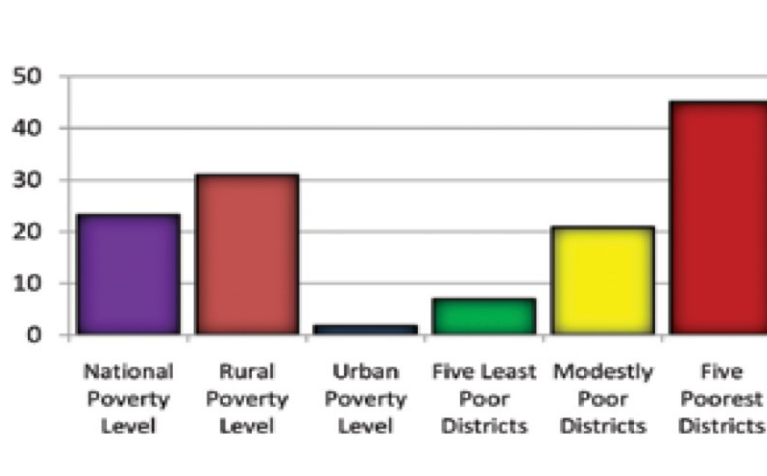
(Source: NSB, Poverty Analysis Report 2007, In NHDR 2011, p.32)

⁹ 10th Plan MTR Report, p.9

¹⁰ MDG Midway Report, p.31

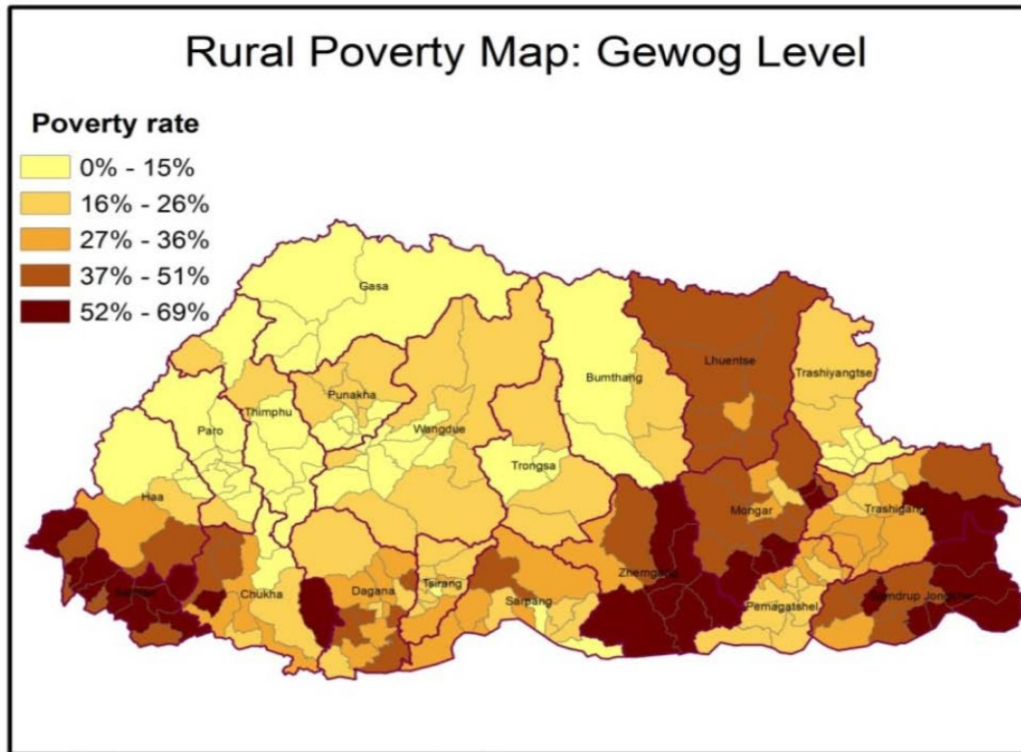
¹¹ Background document to 11th RTM, p.39

Chart 2.2: Bhutan Poverty Incidence Levels 2007



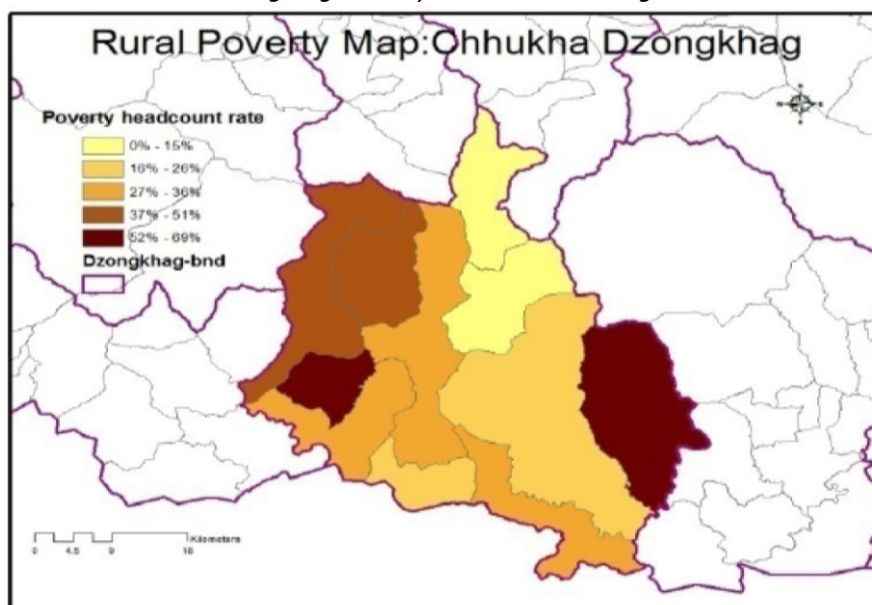
(Source: MDG Midway Report, p.30)

Chart 2.3: Rural Poverty Map: Gewog Level



(Source: NSB/WB, BH Poverty Mapping 2010, p.16)

Chart 2.4: Chukha Dzongkhag: Poverty varies across Gewogs



(Source: NSB/WB, BH Poverty Mapping 2010, p.17)

Income poverty has been reduced from 36.3% in 2000 to 23.2% in 2007, indicating that income poverty has been scaled back by about two percentage points a year during the period. Similarly, income poverty in the rural and urban areas also showed steady declines. Poverty in rural and urban areas in the country has reduced to the 2007 levels from 38.3% and 4.2% respectively since 2003. Even though no poverty surveys have been carried out since the PAR 2007, on the basis of sustained growth and substantial investments made, it is estimated that income poverty will decline to less than 15% by 2013, thus achieving the first MDG target ahead of time (2015). This income poverty reduction has also been matched by declines in multi-dimensional poverty as measured by the human poverty index (HPI-1).¹² (Table 2.1)

Table 2.1: Poverty reduction as of 2007 since 2000

TARGET 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one						
Indicators	1990	2000	2004	2007	2015	Progress towards Target
Proportion of population living below national poverty line	-	36.3%	31.7 (2003)	23.2%	20%	On Track
Human Poverty Index (HPI-1)	-	33.35%	33	27.1%	-	Insufficient data

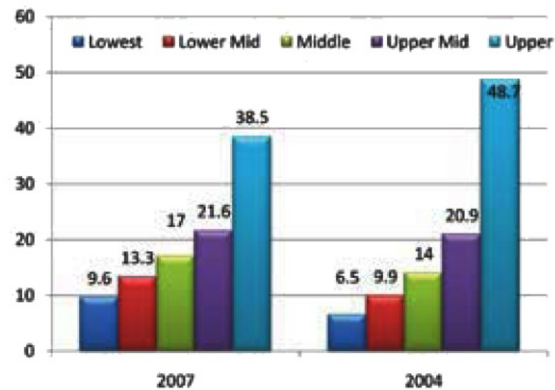
(Source: Adapted from MDG Midway Report 2008, p.30 and MDG Report 2005, p.17))

Between 2004 and 2007, the national poverty gap and poverty severity ratios have moderately declined respectively from 8.6 to 6.1 percent and 3.1 to 2.3 percent. During the same period the rural poverty gap and poverty severity ratios also declined from 10.5 to 8.1 percent and 3.8 to 3 percent respectively, albeit the decline has been slightly at lower rate than at the national level. The same period also saw a decline in the levels of inequality from 0.416 to 0.352 at the national level, with inequality in rural areas declining from 0.381 to 0.315 over that period. This corroborates well with the consumption patterns for the same period. Whereas the consumption pattern of the richest 20 percent of the population declined from 48.7% in 2004 to 38.5% in 2007 recording a ten percent drop, the consumption pattern of the poorest 20 percent of the population improved from 6.5% in 2004 to 9.6% in 2007 recording a modest three

¹² Ibid, p.23

percentage point improvement. Consumption patterns for other income groups such as the lower middle, middle and upper middle have also increased between 2004 and 2007 with relatively higher increases for the lower income groups.¹³ (Chart 2.5)

Chart 2.5: Share of National Consumption by Population Quintile in 2004 and 2007



(Source: MDG Midway Report, p.31)

GNHC (2011) rightly owed the decline in poverty levels largely to the sustained economic growth and effective redistributive policies of the Royal Government through a pro-poor budget with sustained human capital investments. It may be pointed out that the Royal Government has over the last decade channeled tremendous resources for infrastructure development in rural Bhutan, including expanding the road and communications network that has facilitated greater access to markets for many distant communities.¹⁴ The same is true for the current Plan Period (2008-2013) as reflected in the last paragraph of Chapter One here above.

However, challenges remain and concerted efforts are required to achieve the commitments. Cognizant of the challenges to reach the unreached, the Royal Government calls for greater protection and support to the rural populace through the Tenth Five Year Plan (2008-2013). As mentioned in section 1.2 above, the plan aims to provide farm roads and make rural life more productive, profitable, comfortable, and attractive by providing access to electricity, promote and support the growth of cottage and small industries with the provision of business development services, establishment of market linkages including information and communications technology establishments, and access to micro-credit facilities.¹⁵

Bhutan's achievements can be better understood when gauged against global and regional achievements. Globally, robust growth in the first half of the decade reduced the number of people in developing countries living on less than \$1.25 a day from about 1.8 billion in 1990 to 1.4 billion in 2005; the same period also saw the corresponding poverty rate dropped from 46 per cent to 27 per cent. Similarly, the Asia-Pacific region also experienced a rapid decline in poverty levels due to rapid growth and between 1990 and 2004 achieved about 91% of the target set with absolute numbers of poor declining by 370 million. While the region is reportedly on track to achieve the income poverty target, progress is unevenly distributed with many countries experiencing sharp increases in inequality. South Asia too experienced impressive decline in poverty level coming down from 41.1% to 29.5% from 1990 to 2004 with about 88% of the target already achieved; it is on track in reducing income poverty. Globally, except for Sub-Saharan Africa, most regions appear to be on track in reducing income poverty.¹⁶ (Refer Chart 2.6)

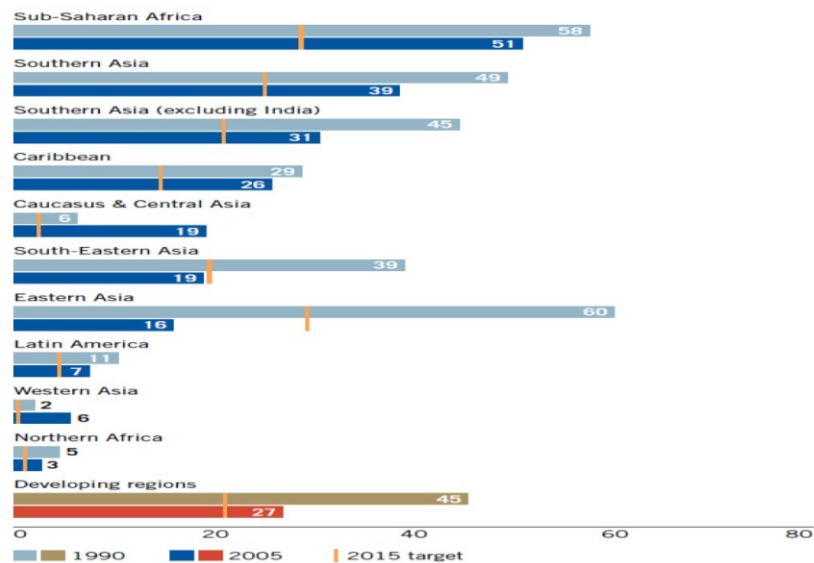
¹³ Ibid, p.37-38 and MDG Midway Report, p.31-32

¹⁴ Ibid, p.37

¹⁵ NHDR 2011, p.47

¹⁶ Bhutan MDG Midway Report, p.32 and UN MDG Report 2011, p.6-7

Chart 2.6: Proportion of people living on less than \$1.25 a day between 1990 and 2005 (Percentage)



(Source: UN MDG Report 2011, p.6)

2.2. Proportion of people who suffer from hunger

Progress on the second target, to reduce hunger, is also adjudged to be satisfactory in view of improvements in child malnutrition and the low levels of the proportion of people subsisting on a minimum level of calorie intake. However, there are concerns over the considerable spatial disparities in income and human poverty levels across and within regions. According to the Poverty Analysis Report 2007, about 5.9% of the Bhutanese population suffer from food poverty or consume less than 2,124 Kilocalories a day. Even though this may not represent a high degree of hunger incidence by regional standards and among countries of similar income, it has increased significantly from 3.8% in 2003 of the population living below the minimum level of dietary energy consumption. In absolute terms this accounts for about 37,300 people who live below the food poverty line. Food poverty is also much more prevalent in rural communities with an incidence of 8% in rural areas as compared to 0.16% in urban Bhutan.¹⁷

In terms of Dzongkhags, Samtse, Samdrupjongkhar, Monggar, Zhemgang, Trashigang and Chhukha, are districts that experience significant food poverty rates well above the national average, with 26.3%, 11.4%, 10.4%, 9.4%, 8.9% and 8.1% of food poor people respectively. The same districts also account for the highest number of people in real terms. In this regard, as the PAR 2007 indicates that the rates of HH with 6-8 members and HH with 9 members and above are respectively 6.6% and 16.9%, it is reasoned that the household (HH) size could be a factor influencing the likelihood of subsistence poverty. Comparatively, these are well above the total HH subsistence poverty rate of 3.8%.¹⁸

The nutritional status of children in Bhutan has been notably improved (Table 2.2). The percentage of under-five underweight children has declined from 38% in 1989 to 19% in 2000, achieving the target of reducing malnutrition in terms of halving underweight children. The Bhutan Multiple Indicator Survey 2010 (BMIS) reported the proportion of under-five underweight children to be 12.7% with low levels of

¹⁷ Ibid, p.33 and Background document to 11th RTM, p.38

¹⁸ MDG Midway Report, p.33

wasting (5.9%), further scaling back the incidence of proportion of underweight children. On the other hand, country has still high levels of chronic malnutrition prevalence among children which affects about one-third of all children (33.5%) due to poor dietary intake resulting in protein deficiency, poor feeding practices and disease infections. There are also no gender differences in malnutrition rate between boys and girls. However, it is pointed out that this relatively low level national child malnutrition conceals high regional variations (eastern and central regions worse-off than western region) with certain districts with considerably high levels of reported child malnutrition as in Trashiyangtse, Pemagatshel, Lhuentse, Gasa and Zhemgang. Rural-urban disparities are also apparent in the nutritional situation of children.¹⁹

Table 2.2: Progress on reducing proportion of people who suffer from hunger

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger						
Indicators	1990	2000	2003	2007	2015	Status of Progress towards Target
Percentage of population below minimum level of dietary energy consumption(2,124 KCal)	-	-	3.8	5.9	1.9	Inadequate data but needs attention
Percentage of underweight under five children	38% (1989)	19%	-	12.7% (2010) ²⁰	19	Achieved
Percentage of under height under-five children	56 (1989)	40	-	33.5% (2010) ²¹	28	On Track

(Source: Adapted from MDG Report 2005, p.25 and MDG Midway Report, p.33)

Household food poverty in Bhutan is linked to low food production, extensive crop destruction by wild-life and pests, limited access to land and other production assets and inputs, poor food utilization and weak access to roads and markets. It is also linked to the income poverty as those households that are food poor are also almost always invariably income poor. The Poverty Analysis Report 2007 reported that 66.4% of the total consumption for the poorest households goes into food consumption. As such the aspect of affordability of food becomes ever more important within a context of a shifting trend from food production to food procurement from markets, Bhutan's increasing food imports against the backdrop of rising regional food prices.²²

As with poverty reduction, it becomes important to gauge Bhutan's progress on eradicating extreme hunger against the backdrop of global performance. The UN MDG Report 2011 (13) notes that in developing regions, the proportion of underweight under-five children declined from 30% to 23% between the years 1990 and 2009. The report points out that while progress in reducing underweight prevalence was made in all regions, Eastern Asia, Latin America and the Caribbean, and the Caucasus and Central Asia have reached or nearly reached the MDG target, South-Eastern Asia and Northern Africa are on track.

However, the report cautions that the progress in the developing regions overall is insufficient to reach the target by 2015. Lack of quality food, suboptimal feeding practices, repeated attacks of infectious diseases and pervasive under-nutrition are some of the factors cited for children becoming underweight. For example, Southern Asia suffering from shortage of quality food, poor feeding practices, lack of flush toilets and other forms of improved sanitation is characterized by more than a quarter of the region's infants weighing less than 2,500 grams at birth, many of whom are never able to catch up in terms of their nutritional status, resulting in making Southern Asia as the highest region in the world for underweight prevalence.²³ Chart 2.7 below showing proportion of under-five underweight children by

¹⁹ Ibid, p.34 and Background document to 11th RTM, p.38-39, 54

²⁰ NSB, BMIS 2010, p. iv and NHDR 2010, p.47

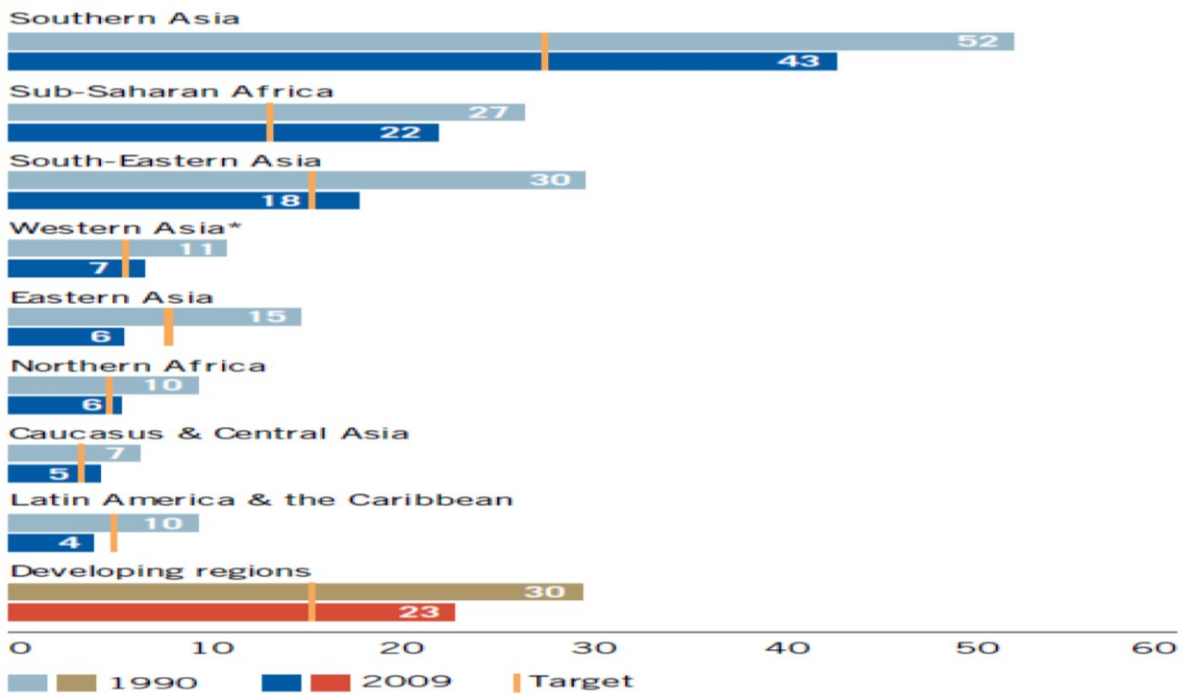
²¹ Ibid, p.iv

²² Background document to 11th RTM, p.38 and MDG Midway Report, p.34

²³ UN MDG Report 2011, p.13

world regions for the period 1990 to 2009 provides comparative progress made by various regions of the world during the period.

Chart 2.7: Proportion of underweight under-five children for the period 1990 to 2009 (Percentage)



* Regional aggregate only covers 47 per cent of the regional population, due to lack of data from Yemen.

Note: Trend analysis is based on data from 64 countries covering 73 per cent of the under-five population in developing regions. Prevalence of underweight children is estimated according to World Health Organization (WHO) Child Growth Standards. For the Caucasus & Central Asia, the baseline for trend analysis is 1996, since there are not sufficient data for 1990.

(Source: UN MDG Report 2011, p.13)

Chapter Three

UNDP supported projects: Successes, Challenges, and Lessons Learned

UNDP Bhutan led international development partners supports a variety of local development and governance projects with the goal to improve service delivery, related to MDGs, in concert with the Royal Government of Bhutan. Four of these are a) Rural Economy Advancement Programme (REAP), b) Poverty-Environment Initiative (PEI), c) Local Governance Support Programme (LGSP), and d) E-Governance. All these programmes/projects have the common objective of improving the lives and livelihoods of the people living in rural communities in Bhutan. The purpose of this chapter is to highlight the successes, challenges and lessons learned in each of the programmes/projects and find possible synergies and linkages and address the bottlenecks so that the impact of the programmes/projects can be increased in order to reach a larger number of rural communities with a high level of poverty incidence. Brief descriptions of the programmes/projects are also provided to better appreciate the contexts within which the successes and challenges are discussed.

3.1. Rural Economy Advancement Programme (REAP)

Programme Description:

In order to achieve the core objective of eradication of extreme poverty and hunger by the end of the Tenth Plan (2013), the Royal Government initiated targeted poverty interventions to compliment the mainstream socio-economic development programmes, consequent of which is a flagship poverty reduction programme – the Rural Economy Advancement Programme (REAP), launched in 2008. The main objectives of the REAP are: (*Refer Annex 1 for Specific Objectives, Outputs and Indicators*)

- To reduce extreme poverty by enhancing productive capacities of the poor to attain sustainable livelihoods; and
- To raise the personal, social and material wellbeing while preserving local cultures and the natural environment.

In addition, the distinguishing features of REAP include the following:

- Holistic and integrated approach
- Targeted poverty interventions
- Mainstreaming gender and children
- Participatory development approach
- Anchoring implementation at the local level
- Sustainable rural livelihoods through income generation support

Furthermore, the categories of interventions include the following five Capitals:

- **Human Capital:** Education, knowledge, skills and good health to enable people to pursue different livelihood strategies and achieve livelihood objectives.
- **Social Capital:** Social resources drawn upon for achieving livelihood means through establishment of networks and group formation.
- **Natural Capital:** Support for market development and provision of services and natural resources for livelihood in terms of access, quality and quantity.
- **Physical Capital:** Basic infrastructure, facilities and public services that support a community including those related to health, education, RWSS, sanitation, waste management, energy, market access, road, transportation, and ICT.
- **Financial Capital:** Financial resources that people have access to and utilize in pursuit of livelihood objectives including through savings/credit scheme, liquid assets and support to income generation activities.

REAP in many ways is similar to the Millennium Villages Project (MVP) of Sub-Saharan Africa initiated since 2006 for a ten year period based on integrated investment strategy. However, one significant difference lies in the targeted villages. Whereas REAP has targeted a particular village, MVP has targeted a cluster of villages, very much like targeting a particular gewog.

REAP Phase I has been implemented in ten²⁴ most disadvantaged and vulnerable villages in collaboration with NGOs and other relevant agencies. Being initiated over and above the Tenth Plan programmes, REAP Phase I has been largely sponsored by the international agencies being coordinated by the UNDP CO, with GNHC as the Executing Agency for the Royal Government. REAP Phase I had a budget outlay of Nu.36.372 million²⁵ with the funding sources largely from UN (PEI/PTTF/SDS) (*Refer Annex 2*) of which US\$257,050 (from UN PTTF & PEI)²⁶ went directly in support of the two villages in Monggar and Zhemgang. The programme has been implemented through a multi-sectoral approach on the basis of expertise. While REAP Phase I is still ongoing, the Royal Government is already considering scaling up the above REAP activities in the second phase to 100 villages – at least five from each Dzongkhag, the situational analysis of which have been completed in May 2011.²⁷

The Village Development Plan (VDP) is developed along the principles of participatory planning following the REAP Village Participatory Planning Guidelines (VPPG), which aims to maximize social inclusion, identify common challenges, causes and potential interventions, and strengthen bottom-up planning and build capacities. Socio-economic data collection tools such as the Village Household Questionnaire and Focus Group Discussions are administered to provide good baseline data and planning information. The standard REAP process includes the following:

1. Gather data for selection of REAP villages using the village poverty profile
2. Conduct socio-economic survey of selected villages
3. Analyze data, prioritize/rank villages through the Multidimensional Poverty Index and generate reports to be used as baseline data; inputs for the village planning meetings and village development plan
4. Conduct village planning meetings – identify problems; potential/opportunities and prioritize interventions for the village
5. Prepare and agree on village development plan based on feasibility assessment and consultation with implementing bodies
6. Submission of VDP to GNHC for fund mobilization (*Example, Lamtang VDP*)
7. Monitoring and evaluation

Achievements:

It must be admitted that the REAP has brought about visible impacts in the lives of the targeted communities. These communities have benefited much from targeted investments that included: a) improving agricultural productivity, including diversification for enhanced food security; b) generating employment targeting micro-entrepreneurs and farmer's associations; and c) developing capacities of community groups through establishment of self-help groups. Examples of innovative interventions include: crop diversification through provision of improved seeds and production of organic fertilizers, production of eco-food products and handicrafts, enabling access of entrepreneurs to markets, and skills development of farmers in carpentry and masonry who then constructed houses for local communities; a skill expected to go beyond the project days in earning cash income during off-farm seasons.

Further, even though REAP's aim is primarily to contribute to attainment of MDG 1, owing to its holistic and integrated approach, it has demonstrated that it has the capacity to deliver impact across a range of

²⁴ Mondokha & Choleykha (Chukha), Thangdokha (Ha), Ungar (Lhuentse), Pam & Chaibi (Mongar), Lauri (S/Jongkhar), Sanu Dungtoe (Samtse), Reti (Sarpang), Samchhoeling (Trongsa), Lopokha (Wangdi), and Lamtang (Zhemgang)

²⁵ Nu. 45.635 million as per GNHC REAP Coordinator

²⁶ UNDP – MDG Localization and Scale UP Case Studies – Bhutan [Draft], p.6

²⁷ Tenth Plan MTR, p.9

MDG targets. For instance, construction of housing and public facilities helped reduce risks to natural disasters, in addition to providing a new set of skills to local men and women, and using local materials. Production of handicrafts using local bamboo, which has been planted under the pilot project, was coupled with measures to protect the natural water sources in targeted localities.

In addition, this initiative helped mainstream pro-poor and MDG-based policies into the central and local governments' plans and budgets. For example, Annual Gewog Plans have been completed being formulated based on Results-Based-Management to pursue the MDGs. REAP implementation has also revealed that the project was able to mobilize the community members in local development processes, and has improved their skills and knowledge in generating income. Besides, the social capital within the communities have increased through group collaboration, mutual support and creation of saving scheme among the self-help groups for further business development. Also, it has given them and the local functionaries the strong sense of community ownership and responsibilities in making the project a great success. It must be noted that the spill-over effect of these successful interventions was felt among neighbouring villages as they were prompted to become more active and take initiatives in seeking resources from the local governments and/or donors.

Box 2.1, which compares the livelihood changes of Lamtang village before and after the interventions, highlights the programme's achievements.

Box 2.1: Comparison of Livelihood changes in Lamtang, Goshing, Zhemgang	
Before 2006	After 2006
- bamboo huts with thatch and banana leafed roofing	- improved housing condition with stone and/or plank and CGI roofing
- human shared huts with local animals	- sheds for animals
- Food grains shortage, particularly maize during summer season	- food security
- dependent on NWFP (mushroom, ferns, wild potato)	- kitchen garden (different kind of vegetables and fruits)
- limited vegetable, mostly pumpkin	- Stable food: 50% maize, 50% rice
- Maize as stable food	- Significant decrease of diseases
- Little rice from dry land	- Improved sanitation (pit latrines, rural water supply scheme)
- High incidence of diseases (water-borne diseases and diarrhea)	- Access to sufficient drinking water
- Poor sanitation (no proper toilet, no piped water)	- No more mal- and/or undernourished children
- Scarcity of drinking water	- Improved clothing
- Mal- and/or undernourished children	- Improved mule track
- Poor clothing with only local textile	- Few shops
- No proper route	- Boarding school in Gewog Centre
- Humans as only means of transportation	- 100% school enrolment
- Limited education facilities	- higher social interaction due to joint work
- Low school enrolment	- Increased and diversified sources of income (sale of vegetable, fruits, dairy products, horse charges)
- High labour contribution	- Improved knowledge and technology in agriculture
- Limited means of income	- Improved seeds and seedlings
- Income mostly from sale of oranges, porter and pony charges (less than Nu. 1000 per household per year)	- Improved breed of livestock
- Low soil fertility	- In average 2 jersey cows per person
- High crops depreciation by wild animals	- Self-sufficiency regarding milk, butter and cheese
- Lack of improved seeds, seedlings and winter fodder	
- No improved breed of livestock	
- Few hh had access to butter and cheese	
- Only 1 local pig per household	

(Vollmar, Annick (2011). *Review Report: Project Implementation in Lamtang Village under Goshing Gewog in Zhemgang. P.13-14*)

Challenges:

The success of the programme is not without its own share of challenges. Some of the main challenges have been the lack of capacities of local governments and persistent lack of resources to support the programme to cover the cost of interventions in all the 30 villages identified for both Phases I & II. During Phase I, the two selected villages prioritized for assistance received extensive support from several donors without adequate capacity and realistic planning to implement activities within assigned timeframe. Further, there were many adjacent smaller villages within the same block where people were equally or more severely affected by poverty but could not obtain assistance since they did not meet the criteria set under the programme. A lack of strong co-ordination between the central, district and gewog level has also been raised as one of the issues that affected the effective implementation of the programme.

Furthermore, there are issues of active and meaningful participation for village development plans owing to lack of/low educational background; buy-in from other relevant sectors to participate; and resources spread across several implementing agencies resulting in implementing agencies spending a lot time on administrative issues, which otherwise could be done collectively enhancing efficiency. Besides, challenges for house constructions/renovation include the difficulty in extracting timber from long distances, house owners not being able to pay cost of sawing timber, several house constructions/renovation happening at the same time, coupled with many activities of the project as well as activities of various other projects happening at the same time, not to mention about the agricultural season.

Lessons Learnt:

Lessons from the initial experience from these interventions is that capacities at local government level are weak and require considerable support; that coordination and communication between central and local governments and district and block administrations need to be improved upon to facilitate such interventions; and the lack of funds has been a significant constraint. In spite of these, the lessons are that the REAP process, tools and plan framework/formats are replicable with a few improvements particularly in the thoroughness of the baseline data analysis and reports. It is also learned that it is very important to involve important stakeholders in the preparation and design stage of the village development plan itself, so that unnecessary delays and problems do not occur during implementation.

One other lesson is that a project on poverty alleviation is readily accepted if it has those activities that address the basic needs of target communities. For example, improving the living conditions through renovation or construction of new houses has served as the most positive catalyst for the villages to participate also in other planned activities. However, it is also learned that a project on poverty alleviation with house construction component requires a minimum of three years to give adequate time for detailed planning and preparing necessary ground works; for readying the construction materials; actual construction of houses by the groups; establishment of vegetable and cash crop gardens, and supply of improved livestock; and wrapping-up all field activities and preparing the withdrawal of project. Further, it has been shown that additional assistance to cover charges for sawing timber for house construction for the poorest households is required in target communities so as to bring them at same living conditions as others.

Furthermore, experience from Lamtang village shows that having many intervention projects/programmes at a time in a particular village creates confusion among the people, besides getting very limited time for their farming activities. Lamtang village in Zhemgang has intervention activities from as many as four different projects namely: Renewal Natural Resources-Research Center (RNR-RC), Sustainable Land Management Programme (SLMP), Rural Livelihood Project (RLP), and Rural Economy Advancement Programme (REAP). Annex 3 from Review Report Lamtang 2011 gives a clear picture of activities of different projects in the village.

3.2. Poverty-Environment Initiative (PEI)

Programme Description:

Poverty and Environment Initiative (PEI) in Bhutan under the auspices of the UNDP-UNEP is a Flagship initiative of the Poverty-Environment Nexus (PEN).²⁸ PEI relates very well with the Bhutan Vision 2020 document, Article 5 of the Constitution of the Kingdom of Bhutan, Bhutan's development philosophy of Gross national Happiness, and with the strategies of the Tenth Plan. The key strategies of the Tenth Plan to reduce poverty through environmental management interventions include sustainable use of environmental resources as an asset by the local communities for better income and wellbeing, community based eco-tourism, bio-prospecting and implementation of interventions to reduce human-wildlife conflicts.²⁹

PEI Phase I started in July 2008, following a preparatory phase from October 2007 – April 2008, and completed in December 2009. Immediately upon completion of Phase I, PEI Phase II commenced from January 2010 to be completed in July 2013 coinciding with completion of the Tenth Plan (2008-2013). PEI Phase II titled the '*Joint Support for Capacity Development in Mainstreaming Environment, Climate Change and Poverty concerns in Policies, Plans and Programmes*', in short Joint Support Programme (JSP), represents the third phase of Danish support to the environment sector in Bhutan through the Sustainable Environment Support Programme (SESP) and the second phase of PEI. The overall budget of JSP is around USD 4.2 million, made up of contributions from the Government of Denmark (approx USD 3.27 million), UNDP/UNEP (USD 0.75 million) and UNDP Bhutan core funds (USD 0.11 million). JSP has adopted a parallel funding modality for disbursement of the respective contributions.³⁰

While JSP's development objective is: "*sustainable development planning and implementation undertaken at national and local levels contributing to: alleviation of climate change impacts; conservation, protection and sustainable use of natural resources; and poverty reduction*", its immediate objectives³¹ revolve round capacity building, which are:

- To strengthen national level capacity that facilitates national and local level five-year planning and implementation by mainstreaming environment, climate change and poverty concerns in policies, plans and programmes; and
- To strengthen local level capacity to formulate and implement five-year development plans and annual plans in which environment, climate change and poverty concerns are mainstreamed.

Strategic approach taken by JSP has two main strategies, which are: 1) to develop national capacity for mainstreaming of environment, climate change and poverty concerns (ECP) into national policies, plans and programmes, especially those of relevance for local governance; and 2) based on the national ECP framework, develop local capacity for mainstreaming ECP into local development plans and annual plans, and for monitoring and evaluation of planning and implementation cycles in order to enhance the responsiveness to ECP challenges. It is anticipated that the preparation of the local governments' Eleventh Plan will offer ample opportunities to address the ECP challenges in the medium-term. It is also envisaged that the Bhutanese public and private training institutions will be the main providers of training to national and local governments.³²

Achievements:

The PEI Phase 1 having formally started in September 2008, its implementation was completed by December 2010. Many of the planned activities were implemented with success, but some could not be completed which got rolled over to JSP – PEI Phase II. The major achievements of PEI Phase 1 include: formulation of a guideline on PE mainstreaming in development plans; public environmental expenditure

²⁸ Lim, Pao Li et al (2010). *Evaluation of the Contribution of UNDP to Environmental Management for Poverty Reduction: Bhutan*; p.v&23

²⁹ Ibid, p.2

³⁰ Ibid, p.1

³¹ JSP, 2009, Prodoc, p.20

³² JSP Prodoc, p.ix

review of the 9th Five-Year Plan; and support for the Government's Rural Economic Advancement Programme (REAP), based on which a Village Development Planning Framework was developed. Furthermore, the foundations were laid for the integration of ECP into the Local Development Planning Manual (LDPM) under JSP.³³ Annex 4 provides a list of activities achieved during Phase I and those that rolled over to Phase II.

Further, JSP/PEI Phase II programme, by far a larger and more complex programme than Phase 1, having started in January 2010, has implemented a broad range of activities with much success, albeit some short-comings in progress in some areas. While the details can be found on Annex 5, some of the broader strategic level achievements include:³⁴

- PEI Bhutan is benefitting from being fully integrated into the Government processes and using government financial management procedures, making implementation by and large efficient;
- The PEI/UNDP-Danida partnership is well established and supportive of Government implementation;
- PEI Bhutan has been very effective in involving sectors and creating ownership, mainstreaming PE considerations into policy and planning procedures, establishing a support function for sector ministries, and creating a process towards better mainstreaming of PE; and
- Bhutan being economically dependent on its natural resources has a highly conducive political environment for PE mainstreaming, which gives PEI Bhutan the potential to serve as a demonstration at the global level of the relevance and potential socio-economic impact of PE mainstreaming.

Challenges:

However, the programme is not without challenges; two of the pertinent challenges include that:³⁵

- PE mainstreaming primarily takes place within sectors and that inter-sectoral collaboration has not been achieved; and
- Although, there is a good foundation for achieving sustainability and getting PE mainstreaming embedded in the Government practices, there are concerns in insuring continuity of the process without external support, especially at the local level.

Lessons Learnt:

Important lessons have been learnt from the PEI Phases I and II, that:³⁶

- Seeking to engage agencies that have a key role in development planning processes in early stages of the project is critical. For instance, an earlier environmental mainstreaming project in Bhutan which primarily engaged the National Environment Commission was less effective because it was seen as an environment sector initiative. PEI directly engaged the GNHC which has a central role in influencing the national and local planning processes. PEI also focused on poverty reduction as the final outcome of poverty-environment mainstreaming efforts. This resonates well with line agencies which share a similar goal.
- PEI gained acceptance of the GNHC, partly by supporting the governments own core targeted poverty intervention programme. By doing so, PEI was seen as being responsive and also used a very good entry point to demonstrate the linkages between poverty and environment/natural resources in rural Bhutan.
- In considering the multi-dimensional nature of poverty-environment linkages, the need to bring on board various stakeholders (government, NGOs/CSOs, development partners, media and private sectors) is crucial to the overall success of poverty-environment mainstreaming.

³³ UNDP-UNEP (2011). *Mid-Term Review of the PEI Scale-Up* [Draft], p.11

³⁴ *Ibid*, p.11 and JSP TR Report 2011, p.1-3

³⁵ *Ibid*, p.5

³⁶ _____ (?). Bhutan PEI Country Fact Sheet, p.2

- Good understanding of the programme and strong involvement by all stakeholders including UNDP Country Office strengthens synergies with ongoing projects/programmes and increases impacts and chances of success.
- PEI's approach to mainstreaming poverty environment considerations in plans has prompted a close review of the planning processes at the national and local levels. The resulting amendments to the planning process will have much greater ramifications including an improvement in coordination – both horizontal and vertical – amongst sectors and different levels of government. The amendments will also facilitate effective mainstreaming of other cross-cutting issues (e.g. disaster risk reduction, etc.)
- In Bhutan linkages between poverty and environment are recognized and addressed through numerous projects, programmes and policies and at all levels. However, these initiatives have often been approached with different viewpoints and objectives – either core conservation or core poverty reduction – and often missed opportunities to capture synergy between efforts. There is a need to document ongoing practices and highlight opportunities and challenges for better coordination between development activities that achieve pro-poor environmental outcomes. PEI as a mechanism should facilitate taking the evidence from projects/programmes on the ground to convince policy makers to integrate as part or mainstream into the bigger national programme.

3.3. Local Governance Support Programme (LGSP)

Programme Description:

Local Governance Support Programme (LGSP) is a programme to harmonize support to the RGoB by the donor agencies to support the establishment of a fully fledged and effective local governance system in Bhutan. With a total estimated programme budget of USD 7,250,000, the programme began from July 2008 to operate till June 2013, coinciding with the Tenth Plan (July 2008 – June 2013), and supports the goals and objectives of the Tenth Plan. The programme is financially supported by Denmark, UNDP, UNCDF, SDC, EU and Austria through a direct budget support and parallel funding mechanism.³⁷

The LGSP's **Outcome**³⁸ - *Democratic governance at local levels enhanced and services delivered effectively and efficiently as mechanism to reduce poverty and contribute to achieving the MDGs* - is designed to provide support to reach the following five **strategic outputs**³⁹:

1. Effective and transparent financing mechanism for local government service delivery in place and well functioning.
2. Inclusive, efficient and accountable public expenditure management procedures for local government established and being used.
3. Effective national support/training mechanism for local government personnel and elected people in place.
4. Central government's policy, regulatory, support and supervision functions strengthened.
5. Effective models for integrated public service and information delivery at local levels piloted.

Further, LGSP is anticipated to provide a strategic platform for the government to leverage financial support for improving local level infrastructure and services and build up mechanisms into which other funding partners can pool funds, through budget support to finance local government grants nationally and coordinate and programme other inputs to support decentralization in Bhutan such as capacity development, logistics, technical cooperation and M&E support. The LGSP is also anticipated to explore the possibilities of developing a mechanism for DPs to pool resources for the funds which sit outside the budget support for Gewog capital grants.⁴⁰

³⁷ LGSP Prodoc 2008, p.2

³⁸ Ibid, p.2

³⁹ Ibid, p.9 & 27

⁴⁰ Ibid, p.10&25

The Local Development Division of the Gross National Happiness Commission (GNHC) charged with the responsibility of implementation of the programme, operates under the auspices of a LGSP Steering Committee which oversee the overall attainment of outcomes and realization of outputs.⁴¹

Annex 8, Outputs, Indicators and Activities provide further insight into the LGSP programme.

Achievements:

The government's commitment to funding LGs wherein the capital budget allocations have exceeded what was envisaged in the Tenth Plan is commendable. The budget allocation formula developed and administered by the GNHC which takes into account broadly the investment needs of the LGs is overall considered sound reflecting best international practices, Even though, the formula requires some minor adjustments to reflect the true needs of the resource allocation.⁴²

Further, as part of capacity building initiative, DLG under LGSP has delivered a significant number of trainings, study tours and other capacity development interventions, some of which include the following:⁴³

- *Printed and circulated* to all Dzongkhags and Gewogs: Community Contracting Protocol (in both Dzongkha and English), Annual Capital Grants Guidelines, Local Government Act 2009, Local Development Planning Manual, Assignment of Functional and Financial Responsibilities to the Local Government;
- *Produced* – Capacity Development Strategy, Templates for small scale infrastructure design and costing (piloted in Thimphu)
- *Trainings conducted* on – Dzongkhag Revenue; Accounts personnel; 17 Dzongrabs & 13 Dungsas briefed on ACG/AGG; Dzongkha Unicode & basic Dzongkha correspondence for 105 Dzongkhag & Dungkha support staff and 40 GAOs; 2 officials from DLG in Barcelona on 'strengthening central government's policy, regulatory, support and supervisory functions; Planning & Prioritization training to 6 existing and 37 new GAOs;
- *Study tours* – 20 DT members to Sikkim; 20 Dzongrabs and 10 Dungsas to India; 16 officials from G2C, DITT, Thimphu Thromde and Dungkhas to Hyderabad and Bangalore; 12 officials from DLG, G2C, Dzongkhags and Gewogs visited OSS in Mongolia; DT Chairpersons to India; 2 DLG officials regarding fiscal decentralization to Denmark; G2C officials visited OSS in India; fiscal decentralization in Tanzania
- *Supplied* – Basic furniture to Gewogs

The capacity development interventions as mentioned above have brought in visible performance changes in the administration of local governance, which include the following:⁴⁴

- All local governments have fulfilled the basic minimum conditions of preparing timely Annual Plans and Budgets, Monthly Accounts and minutes of DT/GT meetings;
- All local governments use the PEMS for fund releases, although their use of PlAMS is not as vigorous;
- Local governments demonstrate increased implementation capacities; and
- All Gewogs conduct their planning, especially at the Chiwogs in a participatory manner.

Challenges:

While significant milestones have been achieved, the programme faces some fundamental challenges related to transparency in budget allocations in the current system, two of which are:⁴⁵

⁴¹ Ibid, p.10&27

⁴² JAR 2011, p.8

⁴³ Ibid, p.9

⁴⁴ Ibid, p.11

⁴⁵ Ibid, p.5

- The initial budget ceilings communicated to local governments at the start of the year are only partially formula based as various earmarked allocations are made. (*See Annex 7*)
- On a serious note, the allocations are subsequently significantly revised during the fiscal year. While in general the local governments receive substantially more funds than indicated in the initial budget ceilings, this has led to some Gewogs receiving as high as 10 times more, some others 3 times more, and some others lesser than original formula based allocations. (*See Annex 8*)

Further, monitoring of capacity development activities is scant beyond basic activity reporting and there are instances where no proper records of the trainings are maintained.⁴⁶

Lessons Learnt:

A few important lessons have been learned from the programme, two of which include the following:

- At the moment the formula is only marginally determining fiscal resource allocation, as most of the LG capital budgets are allocated mid-year, mainly based on spending capabilities and decisions made by MoF. As such it makes no sense at this point to try and “track” the “block grant” by provision of a separate FIC. Such an exercise will be meaningful only once the initial budget allocations, as approved by Parliament, are made more realistic.⁴⁷
- Three separate systems – Planning Management System (PlaMS) by GNHC, Multi Year Rolling Budget System (MYRB) by DNB, and Public Expenditure Management System (PEMS) by DPA – are either developed or being developed. It is anticipated that integration of these three separate systems for planning, budgeting and accounting will ensure full transparency in financial management system. However, it may be a while before it is completed. At present the systems are primarily used for ‘upwards accountability’ with even lesser use of it at the local level.⁴⁸

3.4. E-Governance

Programme Description:

Many projects have been implemented with regard to service delivery models before the current ones have come about. ‘Effective and Efficient Service Delivery’ is one of three objectives for local governments in the Tenth Plan, alongside ‘Poverty Reduction’ and ‘Enhanced Democratic Local Governance’.⁴⁹ One of the five strategic outputs of the LGSP, Output 5 titled “Effective models for integrated public service and information delivery at local levels” is on the same theme, although, LGSP is not a major player in respect of service delivery.⁵⁰

One such initiative is Community Information Centres (CICs). CICs in Bhutan were initiated as part of the ADB’s ICT project “Empowering the Rural Areas through Community e-Centers under the South Asia Sub-regional Economic Cooperation (SASEC) Program”, funded by the Japan Fund for Information and Communication Technology; the other three countries being Bangladesh, India and Nepal. The project was launched in 2005 with a total budget of one million US Dollars for the four countries for the period of three years (2005-2007). The project was anticipated to establish on pilot basis at least five Community e-Centres in each of the four participating countries. With an overall objective to reduce poverty, empower communities, and improve the quality of life in rural areas in Bangladesh, Bhutan, India, and Nepal through increased information and communication technology (ICT) connectivity and accessibility, the project had the following outputs:⁵¹

⁴⁶ Ibid, p.10

⁴⁷ Ibid, p.8

⁴⁸ Ibid, p.10

⁴⁹ Tenth Plan Vol I, p.68

⁵⁰ LGSP Prodoc, p.27 and JAR Report 2011, Annex 9, p.12

⁵¹ ADB, 2005; Prodoc, p.2

- a. Established at least 20 pilot CeCs (5 in each SASEC countries) whose financial sustainability is ensured after 3 years of operation.
- b. Increased community productivity and profitability by at least 10% by applying various ICT applications to socioeconomic activities.
- c. Improved the capacity of the local government and communities to manage and use ICT by ensuring at least 50% of the ICT-illiterate population is able to use ICT.
- d. Developed at least two ICT applications for farming and government public service, and at least three types of local content for community information, employment information, and social service information, based on the information needs and characteristics of communities.
- e. Launched a website to share experiences and lessons learned.

This was followed by establishment of six CICs (5 in Monggar and 1 in Zhemgang)⁵² in 2009 as part of the Project (Objective 3): *Basic education/Literacy, Income Security and Employment for Vulnerable People including Children and Women in Bhutan* under the auspices of UNTFHS. The project was supported by UNDP, UNFPA, UNICEF, UNV and WFP with the UNDP as the Lead Executing Agency and being implemented by the RGOB and NGOs.

Supposedly an improved version is the Community Centres (CCs) decided to be established in all 205 gewogs. This programme is 'to provide not only the office and other services offered in the CICs but also other services such as meeting venues, film screening, community activities, and basically any other private or public service with a market in the community'.⁵³ This programme has been initiated primarily as the platform to deliver OSS G2C e-services. Most of the CCs are to be housed in stand-alone buildings generally located close to the Gup's office. In some Gewogs CCs will be collocated with other institutions such as RNRs to cut down costs. In cooperation with Chiphen Rigphel Project, 131 CCs will also host Hole-in-the-Wall learning stations. This project has been championed as a universal model for CC deployment and management in each and every gewog as well as a PPP model for operating the CCs. Even though the CCs project is a centrally run project, so far driven, implemented and financed directly by DITT at the moment, the prime driver and owner of the whole CC initiative will eventually be the DLG.⁵⁴

One other initiative is the "Localization of E-Governance" project. Largely supported by various UN Systems through UNDP, launched in January 2008 is slated to complete in 2012. With an estimated budget of USD 278,235, this project is to provide technical and institutional support to develop user-friendly e-application and standardized platform for local government bodies and service providers, which will facilitate an increased public access to information resulting in greater transparency, efficiency and accountability in public service delivery. The outputs of the project, at least for two years include:⁵⁵

- Standardized e-platform model for a Geog Administration Office developed and experimented;
- Forestry and Dzongkhag-Gewog e-services developed and piloted as an integral part of One-Stop-Shop Approach in a selected Dzongkhag at two rural Gewogs and one urban area; and
- National replication plan on the e-platform model and commonly used services developed.

The other ongoing project is "Enhancing Government-to-Citizen Service Delivery to the Remote Areas of Bhutan through e-Governance" (G2C). The G2C Delivery Project is expected to make a visible contribution to enhancing public service delivery, particularly to the rural populace. With a total budget of USD 255,000 from the UNDP (DGTTF/Poverty Practice), the project was launched in March 2011 which will complete in 2012. This project is intended to establish effective e-governance system in Bhutan that is harmonized with other local governance programmes to support the national poverty reduction

⁵² Progress Report 2009 & Final Report 2010; only 6 CICs were established although the project planned to establish 10 such centres

⁵³ JAR Report 2011, Annex 9, p.3

⁵⁴ Ibid, p.13, Annex 9, p.3-4

⁵⁵ Localization of E-Governance document (Jan – Dec 2008, p.1 & 2008 AWP, p.1

objectives and goals of the Tenth Plan (2008-13). The following are the three strategic outputs of the project:⁵⁶

Output 1: Designed and developed an integrated web-portal

Output 2: Improved capacity of relevant service providers and citizens to implement and utilize E-governance

Output 3: Developed outreach material for advocacy and awareness purposes

G2C component under UN-DGTTF Project is placed under the LGSP component of DLG as this project is aligned to the latter. The National Project Manager for LGSP functions as the Project Manager for UN-DGTTF G2C project with the G2C focal member/s as the assistant Project Manager/s.⁵⁷

Achievements:

Through the CICs project about 45 CICs were established and many are still operating, even though rarely generated any significant income as anticipated for the private small businesses running them.⁵⁸ DITT has already constructed or is constructing/collocating about 109 CC buildings across the country, generally close to the Gup's office. IT and office equipment as well as furniture have already been delivered to most of these centres. Further, Hole-in-the-wall learning stations supplied by the Chiphen Rigphel Project will be set up at almost all these CCs. All Dzongkhags have adequate broadband internet connectivity, although only 15 gewogs have as of now. Plans are that all gewogs will be connected by end of 2012.⁵⁹

As to the "Localization of E-governance Project" all outputs have been achieved.⁶⁰ On G2C, the project has spent USD 42,577 as of 30 September 2011. In terms of activities for the year, of the 7 activities – 2 have been achieved, 4 are ongoing, and 1 is planned for implementation. As per the progress report for the period March-September 2011, the following are the success stories:

- The printed advocacy materials are distributed to the citizens to advocate on the G2C initiative towards improving public service delivery system. They are also used as education materials during trainings and meetings.
- Capacity enhancement of the service providers and users is achieved by conducting ToT and other trainings.
- Project officials are better equipped in project management by attending the technical course on Six Sigma Project Management.

The G2C Project has started rolling out the various e-services – some 90 by November/December 2011 and many more to come later. The first 'popular' service to go live was the security clearance, which is regarded quite successful.

Challenges:

Although much success has been achieved, there are challenges faced by the CICs/CCs and the provision of G2C services, some of which include the following:

- The success of the G2C project has been challenged by the difficulty in getting stakeholders on board as G2C services come from a wide range of stakeholders.

⁵⁶ G2C Prodoc (2011-12), Cover Page

⁵⁷ G2C member

⁵⁸ JAR Report 2011, Annex 9, p.2

⁵⁹ JAR Report 2011, p.13 and State of the Nation Report 2011, p.45

⁶⁰ APR of Localization of E-governance project for Feb 2008-June 2009 period

- A persistent hurdle to the progress of the G2C project has been that of the frequent changes the different stakeholders brought into the format of their online services which has been delaying the progress.
- The literacy of the people is seen as a major hurdle in convincing the people to use G2C services, including those other services at the CCs. People in the villages are apprehensive. However, it is anticipated that with further awareness people will use the services of the CCs with assistance from the operators.
- In the absence of internet connectivity, the functions of CCs are limited. Dial up services and Data card are not effective enough to provide internet related services. Even though, DIT is in the process of discussing with ISP (Internet Service Providers) such as BTL, Tashi Infocom, etc. on the possibility of installing 'Dark Fiber' to provide internet connectivity, this is considered feasible only with government subsidies since ISPs do not see adequate business for them to invest at the CCs level.
- Capacity of the CC operators at the moment is a challenge. For example, even though the operators can operate computers and other accessories, they cannot maintain and fix them when there are problems. Besides, many operators cannot handle a wide range of services owing to their low educational background, thereby minimizing the services being provided to the communities.
- Further, there is the issue of profitability and sustainability of the CCs owing, not only because of the capacity of the rural communities but also due to lack of enterprising capabilities of the CC operators. For example, the case of Tsakaling CC shows that if the operators are not enterprising the CCs can collapse due to lack of profitability. On the other hand, the CC operator of Chali moves around taking photographs of people during festivals and special occasions. The people come to CC, choose the photo that they want, print it and pay for it. Such initiatives can enhance the sustainability of the CCs.
- In the absence of any formalized coordination mechanism, the CC implementation process has so far not been strongly coordinated, resulting in major timing disjoints between the implementation of various elements necessary for the CC to operate. Even the ownership of the programme is unclear at the moment.
- One other pertinent challenge of G2C project seem to be the delay in release of budget by the Department of Public Accounts due to tiers of government stakeholders involved in the implementation of the Project (DLG, G2C office & GNHC).

Lessons Learnt:

There are a few lessons to be learned from the G2C and CC projects. For instance, lack of proper and timely coordination of the stakeholders can dislodge a perfectly well intended project. Similarly, lack of correct forecast of budgetary and other requirements like human resources, infrastructure, etc. can cripple a project that can otherwise have huge benefits to the target communities. Also lack of any seriousness on the part of service providing agencies can not only delay the progress of the project, but also the services provided may not achieve its intended objectives.

Further, CCs conceived as universal model for deployment and management in each and every gewog may be unlikely to be optimal for all 205 gewogs. CCs conceived on universal PPP model for operational purposes and as a means of achieving financial self-sufficiency are unlikely to be appropriate particularly for the smaller gewogs as evident from the CICs experience. A lesson one might take is a thorough feasibility study taking into all aspects of such community centres will involve should have been the call of the day.

Furthermore, qualification and training and enterprising attributes of the CC operators seem very important for the successful operation of CCs in the communities. The experience shows that even though the operators can operate computers and other accessories, they cannot maintain and fix them when there are problems. This coupled with a wide range of services anticipated to be provided at the

CCs, the need to have adequate qualification at least up to class ten level and with proper training to be provided seem paramount.

In addition, the level of success of a programme/project seem to invariably depend on whether or not there are any formalized coordination mechanisms present at the centre, Dzongkhag, and at the gewog level with proper flow of communication and procedures. For example, in the absence of any formalized coordination mechanism, the CC implementation process has so far not been strongly coordinated, resulting in major timing disjoints between the implementation of various elements necessary for the CC to operate. Even the ownership of the programme is unclear at the moment. Also, G2C project seem to have suffered due to delays in budget releases by the Department of Public Accounts due to tiers of government stakeholders involved in the implementation of the Project (DLG, G2C office & GNHC).

3.5. Synergies, Linkages, Bottlenecks

The four projects/programmes as supported by/through/in association with UNDP – Rural Economy Advancement Programme, Poverty-Environment Initiative, Local Governance Support Programme, and E-Governance – have one common theme running through them – the poverty reduction; the only difference being whether the programme/project is a direct intervention to reduce poverty in the rural areas or is designed to contribute towards poverty reduction. REAP, which takes the most direct, holistic and integrated approach to reach out to the rural communities living below poverty line has its overall objective of identifying interventions which will enable the poor to secure sustainable livelihoods.

Further, while PEI's objective is to contribute to poverty reduction and improved well-being of poor and vulnerable groups through mainstreaming of poverty-environment linkages into national development processes, LGSP's objective is to enhance democratic governance and effective and efficient delivery of services at local levels as mechanism to reduce poverty and contribute to achieving the MDGs. Similarly, while CCs' overall objective is to provide all government services as One-Stop-Shop and other services and thereby contributing towards poverty reduction, G2C's overall objective is to provide all government services online for the benefit of largely rural communities which invariably will contribute towards reduction of poverty.

Therefore, in view that all four programmes/projects either directly address or go towards contributing to poverty reduction in the rural communities, it becomes imperative that there be strong synergy and linkages between and across the four programmes/projects.

Synergies:

There is practically no synergy between any of the four programmes. These programmes for all practical purposes seem to be operated on their own and in parallel losing all opportunities of gaining better mileage in poverty reduction efforts. However, some synergy has been achieved between REAP and PEI by way of the financial support for the REAP from the PEI programme, particularly in two targeted villages during Phase I of REAP. PEI also supported a few of the activities of the REAP related to environment. PEI could do more in supporting the efforts of REAP and in turn live up to its own stated overall objectives. Synergy has not been achieved even between CCs and G2C projects in spite of the fact that the G2C services by and large will be offered through CCs, let alone finding synergy with REAP.

Linkages:

While linkage has been found between CCs and G2C that G2C services will be delivered through the CCs, even though CCs will not be the only source of outlet for the G2C services, ample opportunities exist to find linkage between CCs and REAP as well. Otherwise, the status of achieving linkages between the programmes/projects under discussion as of now is similar to the issue of achieving synergy between the four programmes/projects, which requires good attention.

Bottlenecks:

It must be admitted that commendable achievements have been made across the programmes/projects in achieving the outcomes. Equally, however, there are wide ranging bottlenecks across the programmes/projects that have impeded gaining even higher levels of progress achieving the intended outcomes. Bottlenecks across the programmes/projects have to do with programme/project designs and formulation, institutional arrangements, involvement of stakeholders, capacity building, communication and coordination, monitoring and evaluation, issues of finance, sustainability and viability, etc. as noted under each of the four programmes/projects in the preceding sections of this same chapter. This along with the issues of lack of synergies and linkages will be addressed in the following chapter.

The reports, focused group discussions and field visits show that Rural Economy Advancement Programme (REAP) as an intervention programme to address the needs of the poor not covered by the mainstream development programmes has gone a long way in alleviating poverty in those targeted villages. Although it aims primarily to contribute to the attainment of MDG 1, it is very likely to deliver impact across a range of MDG targets due to its holistic and integrated approach. This initiative has demonstrated high impact in improving rural livelihoods through multi-sectoral approach targeting disadvantaged and vulnerable communities, and combining employment creation, environmental protection, and governance and capacity development interventions. It is evident that in the medium-term, an integrated approach at the local level is the most effective way to combat poverty and growing threats of climate change and natural disasters. As such there is every reason for the programme to be up-scaled and implemented as well in other poverty stricken gewogs and villages across the country.

Similarly, on the basis of experiences from the Community Information Centres (CICs), the Department of Information Technology and Telecom (DITT) has gone ahead establishing Community Centres (CCs) in all gewogs starting 2011 primarily as a platform for One-Stop-Shop (OSS) Government to Citizen (G2C) e-services. G2C e-services have also made a good beginning; there are many government services available online now. Local Government Support Programme (LGSP) has also made much headway in supporting the local governance requirements. Further, Poverty-Environment Initiative (PEI) has made much progress in mainstreaming poverty-environment concerns and needs in the development programmes, including at the local level. However, albeit much success, much is desired to be done for better impact, including achieving synergies and linkages between and across programmes/projects and removing inherent bottlenecks, and hence the following recommendations on the basis of certain conclusions.

4.1 Project/Programme Designs and Formulation:

There are challenges across programmes/projects that have to do with design and formulation of the programmes/projects such as number of projects, outcomes, outputs and activities; issues of scope and timing; local specific issues against universal designs; stakeholder participation; activity scheduling; etc. For instance, Lamtang village in Zhemgang has intervention activities simultaneously from as many as four different projects namely: Renewal Natural Resources-Research Centre (RNR-RC), Sustainable Land Management Programme (SLMP), Rural Livelihood Project (RLP), and REAP. This has created much confusion among the people, besides getting very limited time for their farming activities. [Refer Annex 3] There have also been challenges in implementing plans (e.g. village development plans) owing to non-participation of stakeholders, causing unnecessary delays and problems during implementation, as well as in the house constructions. Similarly, G2C suffers not only from difficulties in getting the stakeholders on board, it also suffers from frequent changes the different stakeholders brought into the format of their online services thereby delaying the progress a great deal. The CCs project is also not free from such challenges. For instance, the issues of affordable, reliable internet connectivity, capacities of internet operators, communication and coordination and ownership, profitability and sustainability abound. All such situations could have been avoided, or the least minimized by addressing most of them at the project formulation stage and also through inter-sectoral programme/project integration.

In view of the challenges, the following **recommendations** are made:

1. During the programme/project design phase focus on achieving the intended outcomes, objectives and impact and prioritise and design activities with this in mind. Further, programme/project formulation must take a participatory approach involving all important stakeholders for ownership, including the target community members whose needs will necessarily have to be considered.

2. Programme/project design and formulation while addressing the scope, time period, and implementation schedule, must also take into account contingency plans to address the specific localized issues and needs.
3. The implementation capacity and absorptive capacities of the concerned implementing agencies and REAP communities need to be considered while drawing up the interventions.
4. Streamline the number of projects a particular village should have at a time as having many intervention projects not only creates confusion among the people, but also they get very little time to attend to their farming activities.
5. Rationalize the programme/project's time period appropriate to the scope of the programme/project. For instance, a project on poverty alleviation with house construction component requires a minimum of three years to give adequate time for detailed planning and preparing necessary ground works; for readying the construction materials; actual construction of houses by the groups; establishment of vegetable and cash crop gardens, and supply of improved livestock; and wrapping-up all field activities and preparing the withdrawal of project. Therefore, it is recommended that this factor be taken into account in the future poverty alleviation intervention programmes.
6. Address the house construction/renovation challenges by: finding solutions to the difficulty in extracting timber from long distances; exploring ways and means of supporting comparatively poorer house owners to pay for the cost of sawing timber, etc; revisiting the house construction/renovation groups and schedules addressing the impact on construction worker issues.

***Note:** Specific recommendations concerning G2C and CCs are made under various other relevant sections.*

4.2 Institutional Arrangements:

There are issues concerning inadequate institutional arrangements leading to challenges at the implementation stages. For instance, the house constructions in Lamtang village, which were much delayed, could not be monitored in the initial stage by the Goshing Gup's office as the project was directly implemented and supervised by the onsite staff of Tarayana Foundation. The pace of construction picked-up only upon involvement of the Gup's office in monitoring the progress. Similarly, with regards to the CCs, the relationship between the local governments in particular the Gup's office, the local CC manager and the PPP operator in terms of the role, authority and capacity of the administrations, let alone the roles of the DLG and Dzongkhags, are not clear.

In a similar vein, there are some inadequacies in institutional arrangements in matters concerning budget allocation process for the local governments. In this regard, while collaboration between the MoF, GNHC and DLG requires strengthening, the Parliament does not approve large parts of the LG budget until after the end of the fiscal year.

In order to bring about improvements in institutional arrangements, the following **recommendations** are made:

7. Always engage Gewog Administration and root all the activities through starting from the project identification so that there is full cooperation and support; also Dzongkhag Administration needs to be kept in view for their share of input and for monitoring purposes.

8. The institutional arrangements at the national level for guiding the budget allocation process and wider aspects of fiscal decentralisation need strengthening through strengthening of collaboration between MoF, GNHC and DLG.
9. A Fiscal Task Force for local governments need to be established that would on a regular basis (at least annually) review experiences with existing financing arrangements (expenditure assignments, own revenue and fiscal transfers) and recommend improvements to the Government. The Task Force should include MoF, GNHC, DLG and elected representatives from local governments. The Task Force, at the minimum, should issue one annual report with analysis and recommendations. LGSP should initially provide short term TA to kick start its operations.
10. Create a formalized service delivery working group, facilitated by LGSP, with task to assist DITT, DLG and G2C to come to agreement on an effective and strong central management mechanism that can ensure quality G2C services nationwide, at optimal cost.
11. LGSP need to support DLG specifically to ensure that LG concerns are adequately addressed in the CCs and G2C implementation and operations.
12. The relation between local governments in particular the Gup's office, the local CC manager and the PPP operator needs to be urgently worked out. This, which requires carefully thought through and agreed, should set the role, authority and capacity of the administrations in relation to the CCs and the national overall operator. This must be done in a way that up-holds the administrative and supervisory role of the Gup's Office. Further, this should also set out the roles and responsibilities of the DITT, DLG and the Dzongkhags in matters concerning the CCs and G2C e-services.
13. Consider scaling-up of the involvement of local NGOs to implement the programmes/projects with appropriate financial resources and twining with relevant government agencies.
14. Consider stationing field staff in project sites as it provides the required inertia to take off and complete field activities through on-site supervision and working together with the villages and serves as a conduit between the implementing authority and project sites.

4.3 Involvement of Stakeholders:

Seeking to engage agencies that have a key role in development planning processes in early stages of the project is critical. For instance, an earlier environmental mainstreaming project in Bhutan which primarily engaged the National Environment Commission was less effective because it was seen as an environment sector initiative. PEI's direct engagement of the GNHC, which has a central role in influencing the national and local planning processes, has enhanced the environment mainstreaming efforts of the PEI, albeit mainstreaming efforts is still restricted to within sectors and that inter-sectoral collaboration has not been achieved. Further, G2C and REAP experiences show that getting stakeholders to involve is a challenge. Experiences are similar with the CICs/CC initiatives as well as local governance initiatives.

Considering the above mentioned challenges the following **recommendations** are made:

15. In view of the multi-dimensional nature of poverty-environment linkages, consider bringing on board various stakeholders (government, NGOs/CSOs, development partners, media and private sectors) which is crucial to the overall success of poverty-environment mainstreaming. Good understanding of the programme and strong involvement by all stakeholders strengthens synergies with ongoing projects/programmes and increases impacts and chances of success.

16. Considering stakeholders play critical roles in the success of programmes/projects, it is very important to involve important stakeholders whether it is to do with the preparation and design of the village development plan, CCs, G2C or the LGSP initiatives so that unnecessary delays and problems do not occur during implementation.
17. Keeping in mind that at the moment the Parliament does not approve large parts of the LG budget until after the end of the fiscal year, facilitated by LGSP consensus must be reached among key central stakeholders (GNHC, MoF, DLG and Parliament) on the principles of budget allocations to local government and the procedures for making these more transparent.
18. Involve elected local government officials in planning and oversight of capacity development (CD) activities for LGs including Dzongkhag Tshogdu (DT) chairpersons which may be in the form of a "reference group" that is consulted on development, design and evaluation of CD activities.
19. Targeted community members should be involved and facilitated in the identification of the support that they need to alleviate poverty instead of directly offering incentives and initiating activities. This will also provide ownership and will eventually lead to the success of the project and activities.

4.4 Delivering as One:

At the moment, for instance resources under REAP are spread across several agencies resulting in a lot of implementing agencies' time being spent in management and M&E of the programmes, which otherwise could be done as one programme/project. Further, activities under PEI also require further integration into one programme. In view of these constraints, the following **recommendations** are made:

20. Improve channeling and spread of resources amongst implementing agencies, which will free a lot of implementing agencies' time from management and M&E of the programmes.
21. Efforts should be made to further integrate the various activities into one programme with a joint vision shared by all stakeholders. This could entail the establishment of fora and activities bringing staff from different implementing partners together to share experiences and coordinate activities – possibly even to undertake joint interdepartmental activities to address cross-cutting issues.

4.5 Capacity Building:

Poverty reduction intervention programme's target community members being largely illiterate have difficulties prioritizing their problems and interventions in a rational and coherent manner, thereby requiring assistance from the Gewog and Dzongkhag officials on a regular basis. Participatory nature of the planning process is also a challenge as discussions are most times dominated by a few influential people, whilst women do not actively participate despite concerted efforts to let them do so. Further, there is a dearth of skilled house construction workers (such as carpenters, masons) in the target communities. There is also the capacity issues of the CIC In-charges and therefore of the Managers/In-charges of the CCs as well as of the LG elected members on their overall LG matters. In order to address these issues, the following **recommendations** are made:

22. Build capacity of the community members so that they are not only able to prioritize their problems and interventions in a rational and coherent manner, but also that the community

participation improves both in terms of numbers and by gender, particularly by women. Such steps are for success and sustainability of the intervention programmes.

23. Continue the provisions for recruitment of skilled house construction workers required (such as carpenters, masons) with provisions to train a few selected villagers on constructions and allied aspects.
24. Explore the possibility of using comparative advantages of UN specialized agencies in delivering professional support to programme interventions for full potential programme results, which are necessarily built into the capacity building of the nationals, both at the centre and at the local levels.
25. Key priority should be given to training and orientation of the newly elected members of the Gewogs, which should include orientation on – government rules and regulations, basic judicial processes, procurement rules and sectoral policies, contract management, supervision of works, planning and prioritization, management and administration, basic IT skills, use of PlaMS/PEMS, and Project Management Skills.
26. Strengthen coordination of trainings with different sectors to avoid the possibilities of training fatigues by some whilst others have none.
27. Strengthen DLG to manage capacity building and other core areas; it is currently short by 65% from its approved structure.
28. Enhance the capacity of the people in-charge of the CCs to not only operate the available facilities but also to write letters and agreements in both English and Dzongkha. This would be an additional service facility that the people can avail from the CCs.
29. Once the G2C e-services are launched, the CC in-charges should also be aware of helping community people to access these services since they will not have the knowledge to access it. The in-charges should also be capable of educating Gewog administration on using and accessing the G2C services.
30. Raise awareness, particularly among the rural population of the CCs and the services and facilities provided by it including the G2C e-services and how they might avail services and what it involves to avail such facilities and services.

4.6 Communication and Coordination:

Effective communication and coordination is a challenge across programmes and projects. For instance, for REAP, even though there is greater coordination and cooperation amongst the collaborating UN and other agencies on programme planning and resource allocation, there is inadequate communication and coordination at the implementation stage in terms of monitoring and reporting. Further, although "Delivering as One" provides an excellent opportunity for effective coordination and use of resources, it is still not well understood and a lot of confusion exists at the implementation level, making coordination cumbersome. Communication and coordination difficulties also exist between central and local governments and between Dzongkhags and Gewog administrations, which have constrained the optimization of intervention programme/project.

Such issues are also relevant to other initiatives as well. For instance, while the facilities for Tingtibi CC have arrived and are stored in Trong Gewog office, the Gewog administration is not sure who will manage the centers. Generally, the CCs in Zhemgang have not picked up fully and there apparently is an

absence of clarity in communication between different stakeholders and direction from the DITT/DLG. This is understandable as there is not any formalized coordination mechanism in place for strongly coordinating the CCs implementation process. This has resulted in major timing disjoints between the implementation of various elements necessary for the CCs to operate. Even the ownership of the programme is unclear at the moment.

In view of the above challenges the following **recommendations** are made:

31. Strengthen communication and coordination through improved interaction between the Gewog, Dzongkhag and DITT so that directions are clear and work can advance faster. The CC in-charges should also be identified, trained and involved right from the commencement so that they are clear about the objectives and operational modalities of the CCs and be able to operate the centres as soon as the infrastructure and facilities are ready.
32. Improve the coordination and support issues for REAP as demanded by the multi-disciplinary nature of the interventions.
33. Strengthen communication and coordination between the central and Dzongkhags and between Dzongkhags and Gewogs, particularly at the implementation stage in terms of monitoring and reporting, including the concept and the practice of "Delivering as One" so that it is well understood and practiced at the implementation level, making coordination easier.
34. Document ongoing practices and highlight opportunities and challenges for better coordination between development activities that achieve pro-poor environmental outcomes. This suggestion should also apply to other areas of initiatives as well.
35. Strengthen coordination of trainings with different sectors to avoid the possibilities of training fatigues by some whilst others have none.
36. Establish a formalized coordination mechanism involving at the very least concerned agencies of DLG, DITT and G2C. Also the question of who is the "owner" of the project, DITT or DLG, needs to be sorted out.
37. LGSP need to support DLG specifically to develop and strengthen coordination, supervision and monitoring systems for service delivery, as well as capacity, at central, Dzongkhag and gewog levels.
38. G2C in collaboration with LGSP need to convince the service providers in providing the correct information during the initial data collection time only.

4.7 Monitoring and Evaluation:

While JAR2011 described monitoring of capacity development activities as scant beyond basic activity reporting and where there are instances of no proper records being maintained of the trainings, this is generally true of other areas of initiatives as well. For instance, it has not been easy to get proper records/documentation for this report too. In view of this, the following **recommendations** are made:

39. Generally there is urgent need to strengthen documentation of proper records in easily accessible and retrievable form of the programme and project documents, of the work plans and progress reports, of monitoring and evaluation reports, and any other specific studies carried out.

40. Enhance programme monitoring and reporting to include reporting against outcome/impact indicators and targets. Report against baselines and results oriented indicators and targets (qualitative and quantitative e.g. uptake and actual use of skills provided through training). A format to capture results and outcomes could be developed and attached to PLAMS reports. Capturing and communicating results of the programme may reduce the sector ministry demand for community level pilot projects and hard investments. Furthermore, a strengthened monitoring and evaluation system can inform programme management and guide implementation towards achieving the intended results.
41. Strengthen Monitoring and Evaluation systems, including –
 - Introduction of nationwide basic performance measurement system – largely a desk based, based on a simplified version of the draft performance assessment manual on local government public financial management performance (DLG, GNHC Draft July 2011)
 - Initiation of a system of formative research into local governance issues, including the quality of participatory planning, qualitative aspects of local regulatory work and local service delivery issues.

4.8 Financial Matters:

Mobilization of funds to successfully implement these programmes remains a challenge, which may be one of the reasons for the delays in release of budget by the Department of Public Accounts. But, delays are also caused by multiple tiers of government stakeholders involved in the implementation of the Project.

There are also some fundamental challenges related to transparency in budget allocations in the current system, two of which are:

- 1) The initial budget ceilings communicated to local governments at the start of the year are only partially formula based as various earmarked allocations are made. *(See Annex 7)*
- 2) On a serious note, the allocations are subsequently significantly revised during the fiscal year. While in general the local governments receive substantially more funds than indicated in the initial budget ceilings, this has led to some Gewogs receiving as high as 10 times more, some others 3 times more, and some others lesser than original formula based allocations. *(See Annex 8)*

Further, three separate systems – Planning Management System (PLAMS) by GNHC, Multi Year Rolling Budget System (MYRB) by DNB, and Public Expenditure Management System (PEMS) by DPA – are either developed or being developed; integration of these three separate systems for planning, budgeting and accounting will ensure full transparency in financial management system; but it may be a while before it is completed. At present the systems are primarily used for 'upwards accountability' with even lesser use of it at the local level.

In view of these challenges, the following **recommendations** are made:

42. Develop mechanisms for easier flow of and release of funds to the implementing agencies.
43. Sustainable funding position needs to be improved drastically as the scale-up programme will require even greater financial resources than what has been needed so far.
44. The initial budget allocations to local government needs to be more realistic and clearly allocated according to formula unless very specific programmes are identified and approved by parliament in a transparent manner.

45. Allocations of additional funds made available during fiscal year should primarily be done on formula basis (at least at the Dzongkhag level, if at Gewog levels is deemed unrealistic).
46. The mid-year budget review process should be made more transparent: it needs to involve MoF, GNHC, DLG as well as the DT. It would also be desirable if reallocations primarily is undertaken within each Gewog and Dzongkhag and approved by the DT.

4.9 Sustainability and Viability:

Sustainability and viability of some of the intervention programmes and projects are a concern which cannot be ignored. For instance, the CCs conceived on universal PPP model for operational purposes and as a means of achieving financial self-sufficiency are unlikely to be appropriate particularly for the smaller gewogs and acutely for those that are identified as poverty-stricken villages and gewogs. It may be noted that all similar experiences, including CICs, have shown that CCs are not financially viable as businesses and not sustainable without continuing subsidies. Similarly, although, there is a good foundation for achieving sustainability and getting poverty-environment mainstreaming embedded in the Government practices, there are concerns in insuring continuity of the process without external support, especially at the local level. In consideration of these challenges the following **recommendations** are offered:

47. In regards to the operation of CCs, make provision for certain rationalized amount of annual subsidies for all gewogs. A rough annual subsidy estimate for all gewogs including, except IT connectivity, all direct and indirect subsidies hovers round Nu.25.00 million per annum. Such subsidies may have to be even enhanced for those gewogs identified with having population living below poverty line.
48. So far as PEI is concerned, focus on sustainability ensuring Government can continue the process without external support. Activities contributing to this should be prioritised, e.g. activities targeting national training institutions to include ECP mainstreaming in the curricula for education/training for future civil servants.

4.10 Catalytic Activities:

Addressing basic human needs serves as a catalyst for them to participate in the planned activities enhancing the prospect of achieving the intended outcomes of a programme/project. For instance, under REAP the component on improving the living conditions through renovation or construction of new houses has served as the most positive catalyst for the villages to participate also in other planned activities. Accordingly, the following **recommendation** is offered:

49. Any intervention programme/project on poverty alleviation must necessarily incorporate components and activities that focus on meeting the basic human needs including improving the living conditions through renovation or construction of new houses.

4.11 More about G2C and CCs:

There are further issues pertaining specifically to the CCs and provision of G2C e-services that are not covered under any of the foregoing sections of the Chapter. There are issues pertaining to cost effectiveness of the universal model and multiplication of facilities, the tight coupling of G2C e-services and the CCs, demand for services, market distortions and socio-economic side effects. For instance, if the main and predominant rationale for CCs is to provide G2C services through an OSS setup, it would seem much more cost effective to offer them through the Gup's office as they already have a building. Further, in a significant number of gewogs there are already private non-subsidized operators providing similar IT

and office services. Additionally, many G2C services can be accessed through any internet-connected computer and do not need the CCs or Gup's office.

Further, the tight coupling of G2C services and CCs is not necessary per se for G2C e-services to work effectively. There is no general case to be made for limiting the provision of G2C e-services to CCs only. The whole idea of e-services is to provide maximum flexibility.

Furthermore, in a significant number of gewogs, there are already other private operators meeting most demand for non-G2C services, limiting the potential revenues. The CCs would be unfairly competing with non-subsidized true private businessmen, who may be driven out of business as a result. The imbalance in investment between the CCs and the Gup's office and the heavy focus on G2C services in the CCs risks marginalizing the local administration in relation to service delivery.

In view of the issues and concerns as raised above, the following **recommendations** are made:

50. Revisit the rationale and therefore the establishment of the CCs and the project concept in light of the concerns and issues as highlighted above in conjunction with the recommendations made under section 4.2 – Institutional Arrangements – here above.
51. Spearheaded and facilitated by the LGSP, the following need to be carried out –
 - Conduct pilots of the relation with and roles of the Gup's office in relation to the CC model, in at least 2 gewogs with CCs. At least one should be a gewog without other ancillary service providers.
 - Conduct pilot of G2C service delivery through the Gup's office, in a gewog not scheduled for a CC in phase I, preferably a smaller, relatively remote gewog.
 - Support DLG, MoWHS, and one or two municipalities/towns in perfecting and piloting an effective and appropriate OSS type service delivery model for large and medium size urban areas (the SDC OSS support project already includes funds for a pilot with Thimphu).

4.12 Possible Synergies, Linkages, Integration:

Even though poverty reduction is the theme for the Rural Economy Advancement Programme, the theme runs in major ways through other programmes/projects under discussion as well, whether directly or indirectly. While the Poverty-Environment Initiative is designed to contribute to poverty reduction and improved well-being of poor and vulnerable groups through mainstreaming of poverty-environment linkages into national development processes, LGSP's objective is to enhance democratic governance at local levels and services delivered effectively and efficiently as mechanism to reduce poverty and contribute to achieving the MDGs. Similarly, even though E-governance's objective is development of effective models for integrated public service and information delivery up to local levels, the e-services can contribute to poverty reduction by way of accessing to market and agriculture information for both men and women, reduction of transaction costs related to livelihood activities, and support income generation activities.

However, in spite of such an important and common theme running through all programmes/projects under discussion, these initiatives are being implemented parallel and on their own without ever a meeting point on sight. Such an implementation move has resulted in duplication of efforts, resulting in confusion and challenging coordination and communication needs, impacting negatively on effectiveness and efficiency, and consequently losing sight of overall objective of having all these initiatives in the first place. Such a current practice is nowhere near "Delivering as One" and "Integrated Approach" to implementation. However, the good news is that the REAP, the extreme poverty reduction intervention

programme, which is more integrated and holistic in design and where PEI is party to it, has shown that it is possible to integrate programmes and activities and delivered as one.

REAP more or less lives up to its aim of delivering poverty intervention through covering five categories of capitals – human, social, natural, physical, and financial, which is more holistic and integrated in approach, and has had positive spillover impacts on other MDGs. However, while community centres and the services that these centres will provide fit very well within REAP's domain of physical capital, the CCs and the services these will provide appear outside of the programme, losing common threads. The same is the case with other physical infrastructure development, including farm roads. It may perhaps be because the REAP has focused on the villages needing targeted intervention on their own and not within the context of the gewogs within which are the villages needing interventions. The government may gain better mileage by revisiting the concept of the REAP to live up to the 'five capitals' as envisaged and operate the programme at the level of gewogs in providing targeted interventions in the villages. And as to LGSP, local governance and service delivery are necessary ingredients to successful implementation of programmes/projects such as REAP. Such a view is not new. It has been proven to work well elsewhere. Millennium Villages Project (MVP) of Sub-Saharan Africa initiated since 2006 for a ten year period based on integrated investment strategy has targeted groups of villages very much like our gewogs. The comprehensiveness of their programme/project has very much addressed the 'five capitals' within REAP and have physical infrastructure and service facilities including community centres, farm and other roads, etc within the same programme/project.

Further, these initiatives are by and large intervention programmes/projects for rural communities – in gewogs and villages. It is not important for villages and gewogs to know which initiatives, programmes or projects are being implemented in their localities, and through what funding and support sources. What is important to them is that their basic human needs are met, through programmes/projects that are less confusing, with minimum of overlaps and better coordination, delivered through a single window.

Therefore, with a view to finding a single window towards delivering poverty reduction interventions that are holistic and integrated, which is better coordinated with a minimum of overlaps, and with a view to gaining an accelerated mileage in the effort towards reducing poverty and hunger, the following **recommendations** are made:

Integration and Synergies:

52. REAP is designed to be one holistic and integrated programme with the vision to cover 'five capitals' – human, social, nature, physical and financial. The programme must revisit the 'five capitals' and live up to it in its true spirit at the operation level as well. The positive spillover impact on other MDGs would further improve.
53. Raise the level of REAP from that of being focused to villages on their own to that of gewogs focusing on a cluster of villages depending upon the need. The current trend of focusing targeted villages on their own outside of the context the gewog within which are the villages have major operational limitations.
54. Integrate the other three programmes/projects into REAP for all operational purposes so far as the gewogs and villages in the gewogs are concerned with the implementation centres located within the gewog administration. This would warrant creation of a separate office at the central level located within the most relevant agency the operation and management of which being guided by a steering committee composed of important stakeholders. This would also warrant that all activities of this integrated programme be routed through the Dzongkhag administration and as discussed under "Institutional Arrangements" 4.2 above, the Gewog Administration needs to play a pivotal role in all these initiatives.

55. Following on recommendations provided under various preceding sections pertaining to the Gewog Administration, the Gewog Administrations' capacity will need to be greatly enhanced. However, this capacity enhancement at the gewog level needs to be seen in conjunction with the capacity at the Dzongkhag level as many of the capacity needs at the gewog level can also be covered from the pooled human resources at the Dzongkhag Administration. With this arrangement the Dzongkhag Headquarter will have the monitoring role for all the initiatives in the gewogs and villages.

Linkages:

56. Ministry of Agriculture and Forests has initiated "One Stop Farmers' Shop" (OSFS) at the level of gewogs focusing on meeting two needs of the farmers: 1) government facilitating to make available for the farmers at the OSFS such items as animal feeds, agriculture tools and equipment, seeds, fertilizers, etc. without farmers having to travel outside of their gewogs; and 2) the OSFS buying the surplus products of the farmers and facilitating its sale with the support of DAMC, MoAF. Currently this is a separate identity from the CCs. In this regard, it is recommended that OSFS component be co-located in the CCs as one other service of the CCs.
57. Work out ways and means so that ICT facilities at the CCs are used for marketing purposes for the farmers, including their agricultural products. For instance, at the very least the CC operator at a centre can connect with the Marketing Division of DAMC and find the price of particular agriculture product, say in Phuentsholing, based on which the farmers can decide to take or not take their products to Phuentsholing or other bigger markets. In the absence such facilities, many times farmers lose out on their agricultural products in the market. Such a service can also be on what is required in the market which DAMC can make it available on their web which CC operators can make it available to the farmers in their locality. CCs can also collect information farm products available in their locality with estimates of quantities for the DAMC to find markets. Of course, for this certain user fees can be worked out.
58. Strengthen and harmonize linkages between the development partners and executing agencies, between the executing agencies and sector ministries and other stakeholders including NGOs and CSOs at the central level; between the central executing agencies and the Dzongkhags and Gewogs; between the Dzongkhags and Gewogs; and between and among the service providers within the principle of one integrated whole Gewog Administration which has the pivotal role for the local development and service delivery in the gewog and the villages in the village.

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41. List of people interviewed and respondents to questionnaire

<u>People interviewed</u>	<u>People who filled the questionnaires</u>
1. Lachuman Acharya, DIT	1. Kinley, Planning Officer, Zhemgang
2. Lungten, G2C	2. Mani Kumar Samal, IT officer, Zhemgang
3. Yonten Gyamtsho, MoAF	3. Tshering Penjor, DIT
4. Sangay Ietho, Goshing Gup, Zhemgang	4. Lungten, G2C
5. Kinley, Planning Officer, Zhemgang	5. Yonten Gyamtsho, MoAF
6. Thinley, Planning Officer, Zhemgang	6. Kuenzang Lhamo, GNHC
7. Mani Kumar Samal, IT officer, Zhemgang	
8. Dorji Wangchuk, Trong Gup, Zhemgang	
9. Karma Tenzin, Trong Administrative Officer, Zhemgang	
10. Sherab Dorji, Geydrung, Buli Gewog, Zhemgang	

ANNEXURE

**Annex 1:
REAP Outcomes, Outputs and Indicators**

Objective 1: Increase agricultural productivity and diversification for food security	
Outputs	Indicators
<ul style="list-style-type: none"> Increased supply and distribution of high-yielding variety seeds in all 8 villages Availability of training programs on compost making, farming demonstrations, and integrated pest management Increased capacity building of farmers on organic farming, home gardening, producing organic fertilizer, managing wastes, post harvesting, and use of silos 	<ul style="list-style-type: none"> Monthly seed distribution reports from gewog agriculture extension staff Quarterly progress reports on training submitted to PLaMs from the gewogs Yield per hectare statistics from the gewog's agriculture extension staff
Objective 2: Increase agricultural productivity and commercialization for income generation	
Outputs	Indicators
<ul style="list-style-type: none"> Increased use of post harvest technologies (processing, drying) for vegetables to support to access markets Increased support in marketing of products through construction of market sheds Increased capacity building for livestock farming, development and marketing livestock products Increased capacity building on bee keeping for one week for 5 villagers, including the purchase of honey extraction machines and supply of 27 veils Establishment of greenhouse for citrus nurseries Increased training on mushroom cultivation, distribution of billets, and post harvest technologies for mushroom drying Procurement of corn flake machines Increased walnut, hazelnut, and passion fruit cultivation 	<ul style="list-style-type: none"> Quarterly progress reports on the supply of technologies and construction of market sheds from the gewog or from the Agriculture Machinery Centre (AMC) in Paro Quarterly statistics of yield per hectare of cash crops from the gewog agriculture extension staff Number of formation of new dairy co-operatives reported quarterly by the gewog livestock extension staff Report on purchase of honey extraction and corn flake machines from AMC, Paro Quarterly progress reports from the gewog with regard to introduction and production of Walnut, Hazelnut and Passion fruit cultivation. Income through the sale of agricultural products as reported quarterly by the MoA.
Objective 3: Decrease wildlife threats and damage to crops, livestock and people	
Outputs	Indicators
<ul style="list-style-type: none"> Introduction of methods to reduce damage & threats from wild animals to crops, livestock and people 	<ul style="list-style-type: none"> Provision of wild life repelling machine, equipment and alarm fencing sets by AMC, Paro and as reflected in the quarterly progress reports Reduction in human-wildlife conflict as reported by Gewog administrators Reduction in crop loss due to wild life depredation.
Objective 4: Increase production of rural-based, traditional arts and crafts for income generation	
Outputs	Indicators
<ul style="list-style-type: none"> Increased enterprise development and group formation on artisan products Increased support for marketing agro products and facilitating sales of artisan products Availability of training of villagers on bamboo weaving, textile weaving, carpentry, masonry, etc 	<ul style="list-style-type: none"> Increased sale of artisan products for income generation and revealed in the progress reports of the gewog

<ul style="list-style-type: none"> • Execution of feasibility study and market assessment of locally produced commodities to determine relevant training and supply of tools as necessary 	
Objective 5: Improve health awareness and disease prevention through improved housing and sanitation	
Outputs	Indicators
<ul style="list-style-type: none"> • Increased number of housing improvements with eco-friendly design • Construction of pit latrines and health awareness raising program • Completion of internal wiring of houses • Increased supply of safe drinking water 	<ul style="list-style-type: none"> • Number of eco-friendly houses, pit latrines and water taps constructed and stated in the quarterly progress report by the gewog
Objective 6: Increase access to and relevance of education	
Outputs	Indicators
<ul style="list-style-type: none"> • Alternatives for students walking to school from Lauri to Jompa 	<ul style="list-style-type: none"> • Extended classrooms constructed and reported quarterly by the gewog • Student attendance and enrollment records as reported in household surveys and by the MoE • Improvement in student scores as reported biannually by the District Education Office/MoE
Objective 7: Increase productivity of eco-tourism for income generation	
Outputs	Indicators
<ul style="list-style-type: none"> • Increased trail maintenance and eco-tourism facility development • Completed construction of bridges • Increased capacity building of villagers in eco-tourism 	<ul style="list-style-type: none"> • Number of villagers involved, tourist inflow and income generated from eco-tourism reported quarterly by the gewog • Number and progress of bridges constructed as reflected in the quarterly progress report of the gewog • Increase in rural incomes through eco-tourism as reported quarterly by the Tourism Council of Bhutan/MoEA
Objective 8: Increase access to and awareness of Micro-Credit lending opportunities	
Outputs	Indicators
<ul style="list-style-type: none"> • Increased access to and awareness of micro-credit opportunities 	<ul style="list-style-type: none"> • Number of loans disbursed and transactions undertaken by the Bhutan Development Finance Corporation Ltd. and mentioned in their quarterly financial report.
Objective 9: Increase sustainable usage and management of Non-Wood Forest Products (NWFPs) for income generation	
Outputs	Indicators
<ul style="list-style-type: none"> • Completion of resource mapping of potential NWFPs • Increased support on the plantation, harvesting and management of bamboo • Completion of feasibility study & management plan for rubia, chirata, star anise, demuktse (vegetable dye), and monkey apples or “thung kakpa” • Establishment of forest nursery • Availability of training on sustainable harvesting methods & management, processing and marketing, and drying and packaging of NWFPs • Completed construction of collection shed for NWFPs 	<ul style="list-style-type: none"> • Report on the potential NWFPs and relevant trainings carried out in the villages obtained from Ministry of Agriculture and Forests and the Regional Agricultural Marketing in Mongar • Quarterly report from AMC, Paro regarding the purchase of oil expeller. • Incomes of farmers from the sale of NWFP products as reported quarterly by the MoEA/MoA

<ul style="list-style-type: none"> • Purchase and usage of oil expellers for Artemisia oil extraction 	
Objective 10: Decrease land degradation and unsustainable land use practices	
Outputs	Indicators
<ul style="list-style-type: none"> • Improved soil fertility, vegetative cover, and grazing and fodder resources • Increased investment in sustainable land management through cash cropping • Increased sustainable land development & management practices • Improved water supply management • Increased conservation and protection of natural resources • Completion of institutional development & capacity building for sustainable land use practices 	<ul style="list-style-type: none"> • Quarterly progress report from the Dzongkhag as well as from the gewog.

Annex 2: REAP I Programme Details

CONSOLIDATED INTERVENTIONS UNDER REAP PHASE I

#	Activities (Interventions)	Village/Dzongkhag	Budget (in '000)	Funding Source	Implementer	Remarks
Increasing agricultural productivity and diversification for food security						
1	Introduction to high yielding varieties: vegetables (radish, cabbage, kidney beans, cauliflower, ginger). Equipment for documentation and reporting	Lamtang, Zhemgang	161	PEI	Goshing Gewog/MOA	
2	Capacity Building of farmers on organic farming/home gardening/producing organic fertilizer/managing wastes/post harvest/using of silos	Lamtang, Zhemgang	575	PEI	Goshing Gewog/MOA	
3	Support to access markets	Lamtang, Zhemgang	23	PTTF	Goshing Gewog/MOA	
4	Post harvest technologies for storing and processing of surplus produce - research required (supply of silos)	Lamtang, Zhemgang	276	PEI (3000)/P TTF	Goshing Gewog/MOA	
1	Introduction of high yielding varieties (maize, vegetables, legumes including beans, fruits) - including on farm farmers' training for each type of crop production and management. Digital camera for reporting: Gewog RNR office	Pam&Chaibi, Mongar	230	PTTF/ PEI(2500)	Gewog Admin/ MOA	
2	Demonstration/field attachment for agricultural production and producing organic fertiliser (Farmers' study tour to RC-Wengkhar)	Pam&Chaibi, Mongar	230	PTTF	DAO/Dungkhag/ MoA	
3	Post harvest technologies for storing and processing of surplus produce- 10 nos. of Silos	Pam&Chaibi, Mongar	97	PTTF	DAO/Dungkhag/ MoA	
1	Supply of 3 nos. plastic for nursery for vegetables	Lauri, S/J	150		Gup, GAO, Gewog Extension	50000 per nursery plastic * 3 nos. (1 plastic each for 50 households). Should be purchased from AMC, Paro

2	Post harvest technologies (processing, drying) for vegetables	Lauri, S/J				If production is in surplus, then the gewog will take up this activity
3	Potato Cultivation and supply of seeds for 33 villagers	Lauri, S/J	40		Gup, GAO, Gewog Extension	
1	Home Estate Vegetable Garden	Thangdokha, Haa	150		Dzongkhag Agriculture Officer and Gewog Extension	The cost is for training and purchase of Inputs
1	Procurement of Rice and Maize grinding machine with complete set along with Kirloskar diesel engine 10 hp with complete accessories and construction of shed	8 REAP villages=Lauri, Thangdokha, Sanu Dungle, Ungar, Samcholing, Mandokha, ritey and Lopokha	576	Embassy of the Republic of Germany, New Delhi and RGOB	Dzongkhag, RNR Ext., AMC at Paro, GNHCS	Community use
1	Introduction of high value products: Distribution of asparagus seedlings	Ungar, Lhuntse	9		DoA, MoA	50 asparagus seedlings per HH x 36 HHs x Nu. 5 per seedling= Nu. 9,000
1	Refreshers training for vegetable production	Mandokha, Chukha	5			Nu 200 * 22 participants * 1 day
2	Supply of vegetable seeds **	Mandokha, Chukha	9			
3	Training on compost making, demonstration, preparation, utilisation	Mandokha, Chukha	5			Nu 200 * 22 villagers * 1 day
4	Training on Integrated pest management (IPM)	Mandokha, Chukha	9			Nu 200 * 22 villagers * 2 days
1	Provision of seeds, dairy inputs, breeding stocks	Lopokha, Wangdue	300		Dzongkhag	A farmers group including people of Lopokha have been formed and support provided for production and marketing of vegetables, livestock produces and fruits.
2	Support in Marketing of Products (Construction of Market shed with required accessories)	Lopokha, Wangdue	2,000		Dzongkhag	Construction of a sales counter including lighting, toilet and water supply will start by mid March 2010 at Kamichu. Farmers Group has been formed and trained in vegetable cultivation and marketing.

Support to Water Management including drinking water:

1	Assessment of water source for irrigation	Lauri, S/J	80		Dungkhag Engineer, DPO, DAO, Gup	
2	Construction of relevant irrigation scheme	Lauri, S/J				Based on the first activity, the second will be taken up
1	Support on water management including drip irrigation, sprinklers	Lamtang, Zhemgang	83	PEI	Goshing Gewog/MOA	
2	Irrigation facilities-feasibility study	Lamtang, Zhemgang	92	PTTF	DOA/MOA	
3	Support to drinking water (Additional funds to govt. support intervention)	Lamtang, Zhemgang	253	PTTF	Gewog Administration, Goshing	
1	Support on water mgt (RWH for Chaibi)- drinking water supported through 10th plan.	Pam&Chaibi, Mongar	184	PEI	Dungkhag Adm. Werengla/MoA	

Measures to curb wildlife threat/damage to crops/livestock:

1	Introduce methods to reduce crop damage from wild animals- Pilot testing methods introduced by NCD	All 10 REAP villages	483	PEI	MOA	Budget reelected under Zhemgang
1	Introduce methods to reduce damage & threat from wild animals to crops and livestock(Provision of wild animal scaring machine/equipment)	Lauri, S/J			NCD, MoA and Dzongkhag	Covered under Zhemgang
1	7 Alarm/sound fencing sets were provided by Thrumsingla National Park in 2009 for Ungar out of which 2 were installed. They have proposed to procure more in 2010.	Ungar, Lhuntse		WWF	Thrumsingla National Park, NCD	Nu. 2500 per set x 7 sets= Nu. 17,500 (Covered under Zhemgang)
1	Crop Protection & Compensation. Alarm/sound fencing 7 sets provided by Jigme Singye Wangchuck National Park.	Samcholing, Trongsa			DoF(NCD), MoA	Alarm/sound fencing required for 160 HHs (Nu. 2500 per set x 7= Nu. 17,500) - Covered under Zhemgang

Skills and Capacity Development for Rural Arts and Crafts Program:

1	Enterprise development/group formation (production, post production and processing) including one women's group (including Operational costs)	Lamtang, Zhemgang	235	PTTF	Tarayana Foundation	
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2	Skills development training on carpentry and masonry	Lamtang, Zhemgang	345	PTTF	Tarayana Foundation	
3	Support for marketing agro products and facilitating sales of artisan products: Tools for cane & bamboo artisans	Lamtang, Zhemgang	92	PTTF	Tarayana Foundation	
1	Enterprise development/group formation (production, post production and processing) /Operational cost of Tarayana (2100)	Pam&Chaibi, Mongar	235	PEI	Tarayana	
2	Skills development training	Pam&Chaibi, Mongar	920	PTTF/PEI (5,000)	Tarayana	
3	Support for marketing agro products and facilitating sales of artisan products	Pam&Chaibi, Mongar	92	PTTF	Tarayana	
1	Training of 15 villagers for 2 months (cost inclusive of fee for 1 resource person & participant fee) on Bamboo weaving	Thangdokha, Haa	161	UN (USD 3500)	Dzongkhag Forest Officer and Gewog Extension (collaborated by Dept. of Human Resource, MoLHR)	Source: Mr. Wangchuk, Dept. of Human Resource, MoLHR. 17609015.
1	Training on mask carving for 10 villagers	Lauri, S/J	100		Dzongkhag, MoEA, MoLHR	
2	Training on making bamboo and cane products for 5 villagers	Lauri, S/J	50		Dzongkhag, MoEA, MoLHR	
3	Training on Silver Smithing for 8 villagers	Lauri, S/J	80		Dzongkhag, MoEA, MoLHR	
4	Training on Altar making (Choesham) for 10 villagers	Lauri, S/J	100		Dzongkhag, MoEA, MoLHR	
5	Training on masonry for 5 villagers	Lauri, S/J	50		Dzongkhag, MoEA, MoLHR	
1	Impart training to 18 villagers on carpentry and masonry (inclusive of fee for two resource persons, participant fee and cost for tools) for 2 months.	Dungte, Samtse	207	UN (USD 4500)	Dzongkhag Engineer and gewog extension(collaborated by Dept. of Human Resource, MoLHR)	
1	Impart training on making Phob/Dapa-(bow) burrs	Ungar, Lhuntese	25		MoLHR	Nu. 250 per head x 20 people x 5 days= Nu. 25,000

Housing, Sanitation and Common Facility Centre:

1	Housing improvement with eco-friendly design (Toilets will be supported by RGOB)	Lamtang, Zhemgang	2990	PTTF (PEI: 35,000)	Tarayana Foundation	
2	Support for development of common facility centre: Supply of CGI sheet.	Lamtang, Zhemgang	69	PTTF	Tarayana Foundation	
3	Improve health, sanitation & education: Awareness programs	Lamtang, Zhemgang	92	PTTF	Tarayana Foundation (Gewog Admin)	

1	Supply of CGI sheet for roofing (5hh) : 1140pcs. Including for latrines	Pam&Chaibi, Mongar	1242	PTTF/ PEI(16,000)	Tarayana	
2	Improve health, sanitation & education (Pit latrine for 25 hh & awareness raising program)	Pam&Chaibi, Mongar	129	PTTF	Gewog Admin	
1	Provision of CGI sheet for 28 hhs (8 feet long CGI sheets of 40 pieces/housex 28 houses)	Thangdokha, Haa	500		Sangbaykha Dungpa & Gakiling Gewog Administration	28 HHs need CGI as per gewog statistics
1	Establish ECR in Lauri village	Lauri, S/J	400		Dzongkhag,Gup, GAO	Alternatives for students walking to school from Lauri to Jompa
1	Internal wiring of 27 houses	Sanu Dungte, Samtse	500		District Engineer	Nu : 15000 per house. And MoLHR completed training on internal wiring for the residents under Dungtoe Gewog.

Access and Awareness on Micro-Credit:

1	Access to Micro credit	Lamtang, Zhemgang	92	PEI	Tarayana Foundation	
1	Access to Micro credit	Pam&Chaibi, Mongar	92	PTTF	Tarayana	
1	Awareness program on BDFC Group Guarantee Loan Scheme	Sanu Dungte, Samtse	100		Dzongkhag BDFC	One BDFC focal person will be stationed in Dungtoe gewog by end of February, 2010.

Livestock Development Program:

1	Poultry	Lamtang, Zhemgang	138	PTTF	DLO/MoA	
2	Piggery including sheds and transportation	Lamtang, Zhemgang	230	PTTF	DLO/MoA	
3	Capacity building for livestock farming, development and marketing livestock products	Lamtang, Zhemgang	69	PTTF	DLO/MoA	
1	Breed improvement: 1 mithun bull; 1 jersy cow each for 21 hh.	Pam&Chaibi, Mongar	575	PTTF	DLO/MoA	
2	Supply of piglets: 10 hh with improved sheds (20 nos)	Pam&Chaibi, Mongar	37	PTTF	DLO/MoA	
3	Supply of donkey stallion: 1 no.	Pam&Chaibi, Mongar	41	PTTF	DLO/MoA	

4	Livestock management training to farmers (1 week)	Pam&Chaibi,Mongar	92	PTTF	DLO/MoA	
1	Purchase & Supply of Heifers(Thrabam) for 25 villagers of Ngatshayna and Drangmakhar	Thangdokha, Haa	50		Dzongkhag Livestock & Gewog Extension	Nu. 5000 * 10 numbers at National Farm Price
2	Purchase & Supply of Breeding Bulls(Nublang) for 25 villagers of Ngatshayna and Drangmakhar	Thangdokha, Haa	25			Nu. 5000 * 5 numbers at National Farm Price
3	Purchase & Supply of piglets(Local) for 25 villagers of Ngatshayna and Drangmakhar	Thangdokha, Haa	15			Nu. 1500 * 10 numbers at Current Local Price
4	Transportation charge for 1,2 & 3 above. (Note: Transportation charge from Haa to Gakiling will be borne by the beneficiaries)	Thangdokha, Haa	180			Truck 1 (Fueling Dzongkhag Truck) costs Nu. 40000 plus Truck 2 (hiring) costs Nu. 140,000
5	Purchase & Supply of root slip (Napier & Gautemala)	Thangdokha, Haa	2			Nu 0.50 * 4000 slips to purchase from National Jersey Farm
6	Purchase & Supply of winter fodder(Oat)	Thangdokha, Haa	6			Nu 22 * 250 kgs to purchase from local farms
7	Transportation charge for 5 & 6 above	Thangdokha, Haa	10			Lumsum amount from farm to project site
1	Development & marketing of livestock products (cream separator & butter churner, purchase of cool boxes)	Lauri, S/J	250		DLO, Gewog ext.	Community use
2	Formation of Dairy Cooperatives	Lauri, S/J	60		DLO, Gewog ext.	
3	Supply of Jersey cows to 13 villagers	Lauri, S/J	350		DLO, Gewog ext.	13 villagers * Nu. 25000 each + transportation
4	Supply of piglets	Lauri, S/J	100		DLO, Gewog ext.	Nu 4000/piglet * 22 households + transportation cost
5	Supply of pullets	Lauri, S/J	50		DLO, Gewog ext.	Nu. 100/pullet * 53 households *5 pullets + transportation cost
6	Supply of free feed for 1 cycle (6 months)	Lauri, S/J			DLO	

7	Supply of donkey stallion	Lauri, S/J	50		DLO, Gewog ext.	Community use
1	Provide two Mithun Bulls and two piglets (breeding boar)	Mandokha, Chukha	40		LEO,GAO	Nu 16000*2 Mithuns + Nu 4000 * 2 Piglets
2	Legumes	Mandokha, Chukha	1			4 kgs * Nu 280 per kg
3	Grass mixture	Mandokha, Chukha	4			40 kgs * 97.50 per kg
4	nsportation cost:-Mithun Bulls from Zhemgang -Pasture seeds from Bumthang -Piglets from Serbithang	Mandokha, Chukha	25			
5	Training on: 1 day for breed management, 1 day for pasture management and 1 day for health management for 23 participants	Mandokha, Chukha	21		DLO, Gewog Extension	
1	Provision for supply of Jersey to 16 hhs and supply of Donkey	Ritey, Sarpang	1000		Dzongkhag	
2	Piggery and fishery for 10 hhs resettled in Gong including feed at the initial (25/20 sq.m or more)	Ritey, Sarpang	1000		Dzongkhag/Regional Office at Gelephu	
1	Poultry, Piggery & Vegetable Group.	Samcholing, Trongsa	500		DoA & DoL of MoAF	
6	Impart training to 30 households on poultry layer (eggs) enterprise development, poultry health and production, poultry farm management	Dungtoe, Samtse	35		Livestock Extension agent, Gup and DLO	
7	Poultry Farmer's Group Formation, training on group management, record keeping, team work etc	Dungtoe, Samtse	29		Livestock Extension agent, Gup and DLO	
8	Construction of poultry shed: Supply of construction of raw materials like cement, CGI sheet, nails, pipe etc and transportation and others (three unit layer compartment)	Dungtoe, Samtse	342		vestock Extension agent, Gup and DLO	The budget is proposed only for supply of raw materials, others and labor shall be locally mobilized.
9	Supply of pullets (layer bird)	Dungtoe, Samtse	65		Livestock Extension agent, Gup and DLO	Birds to be purchased from Gelephu National Poultry Breeding farm

10	Purchase of poultry feed/grower mesh and layer mesh for first six months	Dungtse, Samtse	250		Livestock Extension agent, Gup and DLO	
1	Support on plantation, harvesting and management of bamboo	Lamtang, Zhemgang	184	PEI	DZFO/MoA	
2	Resource mapping of potential NWFPs	Lamtang, Zhemgang	39	PEI	DZFO/MoA	
1	Inventory of NWFP resources under the two villages (115 acre)	Pam&Chaibi, Mongar	69	PEI	DzFO/MoA	
2	Establishment of Forest Nursery	Pam&Chaibi, Mongar	37	PEI	DzFO/MoA	
1	Study & Management Plan for Rubia, Chirata, Star Anise, Demuktse (vegetable dye), and Monkey Apple or "thung kakpa" (bangchang taste and has medicinal value)	Lauri, S/J	160		Social Forestry Division (SFD)/CORRB, MoA, Gewog ext.	Market assessment for NWFP products (Regional Agriculture Marketing (RAM))
2	Training on sustainable harvesting & management of NWFPs (Star Anise and Dremuktse) for 8 villagers	Lauri, S/J	50		SFD, Gewog ext.	3 days * 8 villagers * 150 per day + lunch + refreshment
3	Training on processing & marketing strategies of NWFPs (formation of groups and tshogpas) for 70 villagers for 3 days	Lauri, S/J	90		AMS, ITMS, NRDC, Gewog Ext	Include incentives like working lunch and DSA for the participants
4	Construction of 1 Collection Shed for NWFPs	Lauri, S/J	500		AMS, Gewog ext.	Including transportation cost
5	Setting up of community forest for star anise & lanyeru	Lauri, S/J	300		DoF, MOA, Gewog Ext.	Lauri, Dungmanma and Zangthi
6	Training on harvesting and management of Monkey Apple or "Thungkakpa" for 19 villagers	Lauri, S/J	100		SFD, Gewog ext.	
7	Training on harvesting and management of Lanyeru for 25 villagers	Lauri, S/J	100		SFD, Gewog ext.	
1	Impart training for sustainable harvesting of NWFP for 36 HHs	Ungar, Lhuntse	9		NCD	Nu. 250 per head x 36 hh= Nu. 9,000
1	NWFP feasibility study, SES and Awareness on NWFP management Rules	Mandokha, Chukha	45	Has RGOB budget	DFO	
2	NWFP management plan writing if found potential after study	Mandokha, Chukha	100	Has RGOB budget	DFO	
1	Identification of Potential Medicinal Herbs and NWFPs	Lopokha, Wangdue	500		Dzongkhag/Park	
2	Capacity Building for Villagers (drying, packaging etc.) and making medicinal bath	Lopokha, Wangdue	200		Park/ Dzongkhag	

Income Generating Initiatives:

1	Capacity building on bee keeping for one week for 5 villagers	Thangdokha, Haa	150		District Agriculture Officer (collaborated by Bumthang Bee Keeper Association in Bhutan)	cost includes Transportation
2	Purchase of honey extraction machine	Thangdokha, Haa	50			
3	27 nos of Veils (Veil per household/Nu : 1800 per Veil)	Thangdokha, Haa	50			
4	chase of Oil expeller inclusive of operational lessons for Artemisia Oil extraction	Thangdokha, Haa	30		Dzongkhag Forest Officer and Gewog Extension (collaborated by EODP of MOEA)	
1	Green house for citrus nursery establishment: Initial establishment cost for nursery/irrigation facility/labour cost/material transportation/Cost for TA	Pam&Chaibi, Mongar	322	PEI	DAO/Dungkhag/ MoA	
1	Training on mushroom cultivation	Lauri, S/J	10		Gewog Extension	
2	Supply of billets & other materials (mushroom spawn to be provided free by NMC)	Lauri, S/J	200		Gewog Extension	Including transportation cost
3	Post harvest technologies (drying mushroom for easy transportation)	Lauri, S/J	250		AMC, MoA, Gewog ext.	
4	Procurement of corn flake machine	Lauri, S/J	100		Gewog Extension, AMC	Community use
5	Litchi cultivation for 18 villagers	Lauri, S/J	20		Gup, GAO, Gewog Extension	
1	Purchase of 1188 orange seedlings for 18 hhs	Sanu Dungte, Samtse	250		DAO	
1	Impart training for mushroom cultivation for about 11 Households as per National Mushroom Center's estimate	Ungar, Lhuntse	64		NMC, MoA	
2	Walnut cultivation	Ungar, Lhuntse	189		DoA, MoA	
3	Eco-tourism -Trail maintenance, facility development and training	Ungar, Lhuntse	3000		TCB	
4	Hazel nut plantation	Ungar, Lhuntse	MoA is not sure about the cost		DoA, MoA	
1	Passion fruit cultivation	Samcholing, Trongsa	44		DoA, MoA	
2	Hazel nut plantation	Samcholing, Trongsa	MoA is not sure about the cost		DoA, MoA and private firm	
1	Establishment of Tourism Trail	Lopokha, Wangdue	5000		Dzongkhag/Park	

2	Construction of 3 Bazams for Eco-tourism	Lopokha, Wangdue	600			
3	Capacity building of villagers in Eco-tourism	Lopokha, Wangdue	500		Dzongkhag/Park	

Land Management:

1	Sustainable Land management	Thangdokha, Haa	500		DZO and DzFO (collaborated by DOA and DOF under MOA)	
1	Land Reclamation and Management (prevent land degradation and build capacity)	Lauri, S/J	500		Gup, GAO	

Land Leasing and Rehabilitation Program:

1	habilitation of over 100 households out of 180 households	Samcholing, Trongsa	Not known		NLCS & Zimpon Office, Contact person Mr. Ugyen Tenzin, Resettlement Division, NLCS	
2	Land exchange with government land	Samcholing, Trongsa	Not known		NLCS & Zimpoen Office	Land Exchange for 50 HHs
3	Leasing of government land	Samcholing, Trongsa	Not known		NLCS & Zimpoen Office	
1	Resettlement of 10hhs to Gong	Ritey, Sarpang	1500		Dzongkhag/OGZ	Land allotment

Budget Overview for REAP Phase I:

	Village/Dzongkhag	PEI	PTTF	UN	RGOB	German Embassy	SDS	Total (Nu. In '000)
1	Lamtang, Zhemgang	3365	3156				0	6521
2	Pam&Chaibi, Mongar	1928	2696				0	4624
3	Thangdokha, Haa			161		72	1718	1951
4	Lauri, S/Jongkhar					72	4290	4362
5	Sanu Duntoe, Samtse			207		72	1571	1850
6	Ungar, Lhuntse					72	3296	3368

7	Samcholing, Trongsa					72	544	616
8	Mandokha, Chukha			145		72	119	336
9	Ritey, Sarpang					72	3500	3572
10	Lopokha, Wangdue					72	9100	9172
	TOTAL	5293	5852	368	145	576	24138	36372
11	Socio-economic surveys for REAP I villages	2058.32						2058.32
	Grand Total							38430.32

REAP Phase II

Cost* for Survey and Data Compilation for 114** Villages			
#	Expenditure Incurred	Amount in Nu. (in '000)	Remarks
1	Survey and data compilation for REAP II Villages	2,705.52	
2	Conduct of village planning meetings for development of village development plans	4,500.00	
	Grand Total	7,205.00	

Annex 3:

Project Activities from FOUR Projects in Lamtang, Goshing, Zhemgang

Project activities	
RNR-RC	
Land Management	<ul style="list-style-type: none"> - Ficus seedling - 150nos bamboo - Napier slips (fodder / hedge row plantation) - Guatemala slips (fodder)
Horticulture	<ul style="list-style-type: none"> - 100nos crafted citrus seedling (50nos as demo orchard and 4nos for each hh)
Fruit production	<ul style="list-style-type: none"> - 5nos grafted mango seedling per household - 4nos grafted guava seedling per household
Vegetable production	<ul style="list-style-type: none"> - 14nos of different vegetable seed (beans, radish, tomato, carrot, sag, cabbage, broccoli, cauliflower) per household - Avocado seedling as a trial
Crops	<ul style="list-style-type: none"> - Yangtsepa maize - Potato (desiree)
Material	<ul style="list-style-type: none"> - 1 spud per household - 2 silo bins
Livestock	<ul style="list-style-type: none"> - 1 Mithun bull - 2 horses
Trainings	<ul style="list-style-type: none"> - sustainable land management - orange plantation - dairy management - dairy shed construction - bamboo plantation - ficus plantation
RLP	
Livestock	<ul style="list-style-type: none"> - 43 jersey cross breeds - 1 jersey bull
Material	<ul style="list-style-type: none"> - Maize mill and corn flake machine
REAP / UNDP	
Kitchen garden	<ul style="list-style-type: none"> - 43nos of garden rank - 5kg garlic seed per household - 5kg ginger seed per household - 5nos hot chilli seedlings per household - 1 watering can with flexible pipe per household
Livestock	<ul style="list-style-type: none"> - 1 pig per household - 300nos of pullets
Material	<ul style="list-style-type: none"> - 3 sheets of CGI for pig shed - 45nos of silo bins - 12nos of animal repellent deviser - 1 rural water supply scheme - 3nos of spuds
Infrastructure	<ul style="list-style-type: none"> - Day care centre - Support for house construction
Groups	<ul style="list-style-type: none"> - Weaving group with 16 members established
Research	<ul style="list-style-type: none"> - NWFP resource mapping
Trainings	<ul style="list-style-type: none"> - Farmer study tour
SLMP	
Land management	<ul style="list-style-type: none"> - Napier slips (hedge row plantation / fodder) - Bamboo plantation (erosion / soil fertility) - Stone bonding (erosion / soil fertility=) - Fodder trees (water source protection) - Dry land terracing
Material	<ul style="list-style-type: none"> - Different agriculture tools - CGI sheets for dairy sheds

Trainings	<ul style="list-style-type: none">- Dairy shed construction- Dairy management- Potato sowing- Water source protection- Bamboo plantation
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(Annick Vollmar, 2011. *Review Report: Project Implementation in Lamtang Village under Goshing Gewog in Zhemgang. p.12-13*)

Annex 4: Implemented activities, PEI Bhutan Phase 1

The table below compares the indicated activities for each result as indicated in Phase 1 (22 Sept 2008 – 31 Dec 2009) PRODOC with activities implemented or rolled over to Phase 2.

Phase I PRODOC outcomes, indicative activities, targets	Outcomes/activities/targets completed/achieved by completion of Phase I	Outcomes/activities/targets rolled over to Phase II/JSP
Outcome: Long term capacity of the government to integrate the contribution of environmental management to national plan and sectoral strategies improved/strengthened		
Output 1: Capacity of government officials to mainstream PE linkages in planning and sectoral strategies improved		
<p>A brief review on the gaps of PE linkages in planning, budgeting and monitoring produced</p> <ul style="list-style-type: none"> - Gaps in PE linkages in Planning and Monitoring documented - Status and Trend of Public Expenditure on Environment Sector Produced 	<ul style="list-style-type: none"> - Public expenditure review on environment completed for the 9th FYP period (2003/04 – 2007/08). - Department of Public Accounts (DPA), MoF trained on PEE data compilation and analysis - PE linkages identified in selected sector programmes (Economic Affairs, Agriculture & Forests, Works & Human Settlement) - Initial list of PE indicators identified for these sectors 	<ul style="list-style-type: none"> - Linking PE indicators to the National, Monitoring & Evaluation System (NMES) – for long term monitoring of PE outcomes deferred to JSP
<p>Documentation of awareness raising activities produced</p> <ul style="list-style-type: none"> - National level workshop to review and identify linkages organized - Dzongkhag level workshop to provide understanding of PE linkages organized - National level workshop to use SEA to mainstream PE linkages organized 	<ul style="list-style-type: none"> - Stakeholder workshop at national level conducted on the development of PE Mainstreaming guidelines. MoEA, MoAF, MoC, MoWHS, NEC and GNHC participated in stakeholder consultation - Local government and community members made aware of PE linkages through the REAP intervention process in two gewogs in Mongar and Zhemgang district 	<ul style="list-style-type: none"> - National level awareness created on SEA findings of Damdum Industrial estate and Puna-Tsangchu basin by NEC - SEA planned for two hydro-power projects through the JSP in 2012
<p>Tool Kit to Assess PE linkages developed and Tested</p> <ul style="list-style-type: none"> - Task force to develop country tailored tool to address PE linkages in planning formed - Tool kit to use PE linkages in planning (e.g. use of SEA or other tool from poverty reduction perspective) developed - Assess institutional and technical capacity and establishing a mechanism for integrating PE in the planning processes 	<ul style="list-style-type: none"> - GNHC Secretariat (PMCD) agreed to coordinate the implementation of PEI Bhutan Phase I - PEI focal officials nominated in the key sectors responsible for PE Mainstreaming - Prepared PE mainstreaming guidelines based on the existing environmental mainstreaming guidelines and through consultations - Training workshops on how to use such guidelines for relevant stakeholders in the line ministries and agencies - Initiated dialogue with Local Development Division (LDD) of GNHC to integrate PE considerations into Local Development Planning Manual (LDPM), through consultations at sub-district and national levels and enhanced local capacities to use manual - Guidelines for participatory village planning for food security and poverty reduction developed. Helps analysing priorities, identifying project ideas, preparing investment plans and undertaking activities - Village Development Planning (VDP) Framework developed as part of the Rural Economic Advancement Programme (REAP) 	<ul style="list-style-type: none"> - Integration of ECP into the LDPM took place in 2010
Output 2: Poverty Reduction through sustainable use of natural resources and development of livelihoods		
<p>Creation of income generating opportunities to offset environmental degradation in conservation areas</p>	<ul style="list-style-type: none"> - GNHC launched the Rural Economy Advancement Programme (REAP) as a targeted poverty intervention programme under the 10th FYP. REAP is a new initiative in the 10th FYP which intends to identify sections of population who have not 	<ul style="list-style-type: none"> - As a spin-off from PEI's support to the REAP assessment phase I, the Research and Evaluation Division of GNHC has completed socio-economic assessment of another 20 villages as part of REAP Phase

Phase I PRODOC outcomes, indicative activities, targets	Outcomes/activities/targets completed/achieved by completion of Phase I	Outcomes/activities/targets rolled over to Phase II/JSP
<ul style="list-style-type: none"> - Livelihood opportunities for short and medium term assessed and identified - Income generating programme introduced 	<p>benefited much from the broad based poverty reduction interventions and for whom special programmes needs to be implemented to accelerate poverty reduction during the plan period</p> <ul style="list-style-type: none"> - PEI supported GNHC to undertake participatory assessment of socio-economic and bio-physical conditions of 10 villages as a pilot exercise. A key finding was the lack of a proper planning process at the village level, which could support a systematic and integrated development programme. This led the GNHC to develop a framework for integrated village development planning and prepare guidelines for participatory village-level planning. Comprehensive Village Development Plans were prepared for the REAP villages using these guidelines. The VDP framework helped the district and sub-district planner to examine and screen the various interventions undertaken through regular government support and development partners, and harmonize the interventions to bring tangible impacts to the livelihoods of the poor communities - GNHC sought funding to undertake several key interventions identified in these plans. PEI helped to link the Poverty Thematic Trust Fund (PTTF), an existing UNDP-supported funding mechanism, thereby facilitating increased funding for sustainable livelihood development activities in two of these REAP villages. PEI together with PTTF mobilized USD 257,050 to implement identified interventions benefiting a total of 784 people in 65 households - Livelihood interventions to address food security and enhance capacity of farmers implemented in 2 pilot sites. Implementations were undertaken by Tarayana Foundation and MoAF, focusing on: <ul style="list-style-type: none"> o Increased agricultural productivity and diversification for food security o Capacity development of small farmers through group formation and enterprise development - Tarayana mobilized five self-help groups on handicraft development (sustainable harvesting of cane and bamboo resources), skills development (carpentry and masonry), women's weaver group, and a group to sustainably harvest and add value to gooseberry. The group has been mobilized to create employment opportunities and enable members of the community to generate income through sale of their products and services. - Tarayana provided marketing facilities through the "Tarayana's Rural Crafts' Shop and Festival". The groups were then exposed to Tarayana initiated microfinance schemes to gradually encourage community members to initiate rural enterprises. The microcredit scheme promotes lending to individual member and community self help groups from a minimum of US\$220 to a maximum of US\$ 2,220 at a repayment interest of 7% per annum for a maximum of 2 year period - Through MOAF's initiative, farmers' livelihoods 	<p>II</p> <ul style="list-style-type: none"> - For implementing interventions in the 8 villages of REAP phase I, GNHC has secured funding support of USD 545,000 from Sustainable Development Secretariat (SDS Netherlands) and the interventions are currently under implementation at various stages. Resource mobilization is underway for REAP Phase II programme implementation from government and development partners - GNHC with a mandate to coordinate the overall 10th FYP programme implementation has realized the effectiveness of PEI/PTTF model of implementation and will persuade development partners and government agencies for harmonized and sustainable approach to targeted rural community development

Phase I PRODOC outcomes, indicative activities, targets	Outcomes/activities/targets completed/achieved by completion of Phase I	Outcomes/activities/targets rolled over to Phase II/JSP
	<p>were enhanced through introduction of high yielding varieties of seeds; capacity building of farmers – by providing training on vegetable production, composting, and handling of silo bins for grain storage during surplus production. In total, 240 farmers were trained and provided with agricultural inputs</p>	

(Source: UNDP-UNEP (2011). *Bhutan Country Report – Mid Term Review of the UNDP-UNEP Poverty-Environment Initiative (PEI) Scale-Up* [Draft]; p.25-26)

Annex 5:

Progress on implementation of activities, JSP (PEI Bhutan Phase 2)

(Source: JST/PEI Phase II Mid-Term Review Report 2011, p.19-24)

The table below compares the indicated activities for each result as indicated in the JSP (PEI Bhutan Phase 2) PRODOC with implemented and ongoing activities from 1 Jan 2010 to 31 Dec 2011.

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
OUTCOME 1: ECP mainstreamed in all national policies, plans and programmes				
Output 1: Strengthened information systems and communication (Revised in Dec 2010)/ ECP Mainstreaming Guidelines and Indicators available for use by sectors (PRODOC)				
Review the Poverty-Environment Mainstreaming guideline	Application of guidelines to the 10 th Plan programs of the sectors		<ul style="list-style-type: none"> - Guidelines applied to the 10th FYP programme of 12 central government agencies, 1 district, 2 NGO/CSOs. Workshop attended by 198 participants (from central agencies and 1 district) and 19 district planning officers - The PEM application exercise identified numbers of CD activities for various sectors including LG and CSOs in ECP mainstreaming process - Capacity development activities for the sectors were prioritized based on the four criteria (i.e. contribution to JSP outcomes, linkage between poverty and environment, impacts on sectoral planning and budgeting and operational effectiveness). This further translated into a 4 year work plan (2010-2013) 	
Review of Public Expenditure on Environment		PEE review for the first two years of 11 th Plan Period (two fiscal years - 2008/09 and 2009/10)	<ul style="list-style-type: none"> - Joint Technical Task Force (comprising members from DPA, GNHC, NEC and NSB) formed to support the exercise - PEE database developed for the 8 environment classification - PEE analysis completed and final draft report completed - Case study on farm roads examining the effectiveness of PEE on the ground undertaken as part of the exercise - Stakeholder consultation conducted to receive feedback to the PEE analysis 	Report will be finalized and launched in November 2011 during the Regional Climate Summit in Bhutan.
National and sub-national data related to environment and poverty identified and data generation capacity enhanced.		<ul style="list-style-type: none"> - Workshop on environmental related data needs conducted by National Statistical Bureau. - Training of 3 NSB staff on Small Area Estimation of Poverty. 	<ul style="list-style-type: none"> - In-country workshop conducted in April 2011. The workshop identified data related to environment, defined environmental indicators; and responsible agencies to collect or maintain the identified data. - 3 staff from NSB trained in Philippines (in June 2011) and capable of handling analysis related to Small Area Estimation of Poverty using STATA program. 	
Capacity on statistical tools to develop ECP indicators strengthened.	- Develop ecological indicators as part of the GNH Survey, and linking these to other indicators of GNH	Conduct short-term training on organising and structuring data sets for researchers (for 2	<ul style="list-style-type: none"> - CBS completed the analysis of GNH survey initiated in 2010. The result was presented during the Happiness and Economics Conference in August 2011. - Ex-country training on statistical analysis for 2 officials of CBS conducted. 	Further analysis needed to link the overall GNH survey results to establish ECP linkages with other GNH

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
	domains. - Fine tuning policy protocol's ecology indicators.	researchers).		domain.
Capacity assessment of in-country training institutions on ECP mainstreaming initiated.		Undertake CA of government & private training institutions focusing on ECP.	Capacity needs assessment of 9 in-country training institutes conducted and their CD requirements to address ECP issues have been identified.	JSP to support some critical CD activities for the institutes – which will contribute to JSP objectives. This will have to be incorporated into the 2012 work plan (FY 2011/12 of RGoB).
Policy protocol and policy screening tools reviewed from ECP perspective.		Review the Policy screening tool and integrate ECP aspects.	Policy screening tool and policy protocol reviewed and integrated ECP components for the policy proponent to consider & integrate ECP issues during the concept stage and in the formulation process.	
Formation of Help Desk	Help desk on EM to be established with members represented from different sectors responsible for EM.	<ul style="list-style-type: none"> - Capacity building of help desk members. - Sensitization of sectors on EP mainstreaming by help desk group. - Review of draft policy(ies) 	<ul style="list-style-type: none"> - Help-desk formed in April/May 2010 with members from GNHC/NEC/MoAF/DLG & DPs. - Capacity building of help desk members supported through AusAid EM program. Three rounds of trainings have been conducted (with one ex-country) from January until April 2011 with technical support of Griffith University. Help desk members have been provided with required skills to address ECP mainstreaming in the policies and plans; - Concept note for the help desk initiative was developed building on the key aspects of plan making and policy formulation both at the national and local level. - Reviewed and provided feedback to the following policies: <ul style="list-style-type: none"> o Renewable Energy Policy. o National Irrigation Policy. o Subsidize Rural House Building Timber Allotment Policy. o Mineral development Policy - Developed an ECP checklist (which is adapted from the UNEP Integrated Assessment Tool) to be integrated as part of the 11th Plan guideline. This will be further deliberated in the process of preparation of the guideline. - Initiated a sensitization on ECP mainstreaming to all the 20 dzongkhag planning officers and sector PPD staff during the brainstorming session for the preparation of 11th Plan (during the week of 8 to 12 August 2011). 	
Develop Advocacy & Communication	Lessons learning on EM for pro-poor development in		- Lessons learning workshop on “Mainstreaming Environment to Address Pro-Poor Development in Bhutan: Lessons, Opportunities and Challenges” was conducted in March 2010 with a small group of people who represent key organizations in the	

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
materials.	Bhutan.		<p>government, civil society, and academia to discuss on what is meant by environment mainstreaming, and document lessons with respect to integrating environment into the national development planning process.</p> <ul style="list-style-type: none"> - Lessons learning workshop covered as news clip in the national television BBS; - 5 PE related articles featured in the local News Paper (The Journalist) – PE nexus; PEER report of 9th FYP; PEMG application. - PEI brochure developed and disseminated. 	
Monitoring & Evaluation	Monitoring of progress through quarterly reporting, Mid-year and annual review and PEI missions.	Monitoring of progress through quarterly reporting, Mid-year and annual review and PEI missions.	<ul style="list-style-type: none"> - JSP integrated in the Planning & Monitoring System (PLaMS); - Quarterly progress reports are generated through PLaMS; - Fund utilization monitored through Funding Authorization & Certificate of Expenditures (FACE); - Monitoring and implementation issues are discussed during the Mid-Year and Annual Review (requirement of UNDP), Programme Management Meetings (9th PMG as of September 2011) and Programme Steering Committee (4th PSC scheduled towards end of September 2011). - Project Cycle Management (PCM) training was imparted to sector officials in may 2011 - to improve results reporting of JSP activities by the sector. - Regular PEI missions from the regional PEI team – to monitor the progress and provide technical support to the various initiatives. In 2010, the 1st AWP was prepared with technical inputs of the PEI team; the development of CD criteria was supported; lessons learning workshop was conducted with support of the regional team; and provided technical inputs and feedback to the various outputs of the JSP initiatives. 	The priority activity for 2012/13 would be to link the various ECP indicators (developed through GNH survey, Bhutan Environment Outlook, LoCAL & performance based CD grants, PEM Guidelines, 11 th Plan Guidelines etc.) to the National, Monitoring & Evaluation System (NMES – PLaMS, PEMS & MYRB) for long term monitoring of ECP outcomes.
Output 2: Benefit sharing mechanisms including payment for ecosystem services and human-wildlife conflict management.				
Study to explore pro-poor benefit sharing mechanism initiated.		<ul style="list-style-type: none"> - Field study, including data collection and field survey in the critical watersheds - Dzongkhag and Geog consultative workshops - Awareness & Education on PES and REDD in the watersheds and explore the potentials - Inventorying of ecosystem services including development of database for ecosystem service providers and potential buyers; 		Activities are planned from the 3 rd Qtr. of 2011.

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
		<ul style="list-style-type: none"> - Study the provision of water for drinking and irrigation under traditional arrangements; - Formation of community groups; - Promotion of Eco-Tourism in the high altitude areas 		
Mining royalties and the potential mechanism for pro-poor benefit sharing of sustainable mining revenues reviewed and assessed.		<ul style="list-style-type: none"> - Review mining royalties; - Organize training for the mining engineers. 	Ex country study conducted in May 2011. Three mining engineers trained on Environment Management, Mining Royalties and Social Responsibility (Community Development).	Review of mining royalties under implementation and the analysis to be ready by May 2012.
Pilot initiative to reduce HWC in Kangpara gewog under Trashigang dzongkhag initiated.		<ul style="list-style-type: none"> - Consultative meetings (planning, informing, identify conflict zone); - Develop conflict management mechanism; - Community trainings on identified mechanisms (damage assessments, Participatory monitoring of livestock & crop damage, participatory law enforcement etc); - Community institutional set up (for coping with wildlife damage). 	<ul style="list-style-type: none"> - Community-based HWC compensation framework developed through a consultative process; - Communities have been made aware of PE linkages and the mitigation measures adopted in other places. - Community based HWC compensation mechanism implemented in the two pilot sites. 	
Mechanisms for self-sustained compensation of crop and livestock loss through insurance schemes and PES developed.		<ul style="list-style-type: none"> - Awareness on the HWC and animal behaviour and participatory planning by the communities for addressing the HWC issues. - Awareness programme with the gewog representatives to feature HWC 	<ul style="list-style-type: none"> - Series of awareness programs on HWC mitigation measures have been conducted in most of the affected areas across the country. 249 farmers have been sensitized and trained. - Study tour for the farmers (40 farmers) in the elephant conflict areas have been organized to exchange & replicate ideas. - HWC endowment fund established by MoAF – and is managed by Bhutan Trust Fund for Environmental Conservation (BT FEC). The endowment fund will be used to establish Gewog Conservation Committee in all the affected areas across the country. 	

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
		<ul style="list-style-type: none"> management in gewog plans and budget. - Training of farmers and extension staff on HWC mitigation measures in the region. 		
Output 4: Environment friendly infrastructure technology and green jobs.				
Training & sensitization of Engineers, Contractors, Parliamentarians, Policy Makers and Local leaders on EFRC conducted.		<ul style="list-style-type: none"> - Training of Trainers on EFRC. - Trainers to conduct training of district engineers, road engineers and contractors. - EFRC Training module developed in the College of Science and Technology (CST). 	<ul style="list-style-type: none"> - Training Workshops conducted in 6 regions across the country viz. Lobesa, Phuentsholing, Lingmethang, Trashigang, Sarpang and Trongsa. - The focal official from PPD/MoWHS has initiated dialogue with CST to develop the curriculum. CST in principle has agreed to have EFRC embedded in the current module or work out separately if feasible. 	Development of curriculum to be initiated within the fiscal year 2011/2012 (July 2011 – June 2012).
Study and mainstream ECP concerns into Non Formal Education (NFE) and educating for GNH guideline initiated.		Develop skills-based curriculum on green job with initial focus on rural energy access.	<ul style="list-style-type: none"> - Stakeholder consultation workshop on the development of curriculum on green job for NFE conducted from 27-28 April 2011. - The curriculum was developed focusing on Ecosystem, Renewable Energy (Improved cook stoves, solar drier, and bio gas, rain water harvest and waste management). The NFE divisions along with sector resource persons have tried to link this to Green Job, poverty alleviation, climate change and environment mainstreaming as far as possible taking into account the target audience. - Curriculum finalized and published for the NFE students. 	<ul style="list-style-type: none"> - Pre-testing and dissemination of the curriculum in pre-selected NFE centers to be completed by the end of the year. - Development of manual for the NFE instructors will be completed by June 2012.
Outcome 2: ECP mainstreamed in all development plans and programmes at the local level.				
Output 1: Strengthened information systems and communication				
CA on ECP initiated in 5 pilot districts.		<ul style="list-style-type: none"> - Undertake capacity needs assessments in the 5 pilot districts; - Develop CD plans for each of the pilot dzongkhags including the gewogs based on the results of CA. - Develop criteria/ 	<ul style="list-style-type: none"> - Interagency task team to support this initiative was identified and held its first meeting in August 2011. - The assessment was jointly initiated by JSP and LoCAL project – Local Climate Change Adaptive Living Facility – from the 2nd week of August 2011. 	<ul style="list-style-type: none"> - A common CD mechanism will be developed for LGSP/JSP and LoCAL. This will first be piloted in the 6 districts (one additional from LoCAL). - Develop ECP interventions based on

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
		guidelines/manuals & performance indicators and assessment for the pilot districts to access CD Grant.		the analysis of the assessment – September/October 2011 - Roll-out of CD grants to five pilot districts and selected gewogs following the LG grant mechanisms developed through Local Governance Support Programme (LGSP). This is planned to take place from October 2011.
Capacity of DLG/LG, GNHC & LG ECP focal persons on ECP based RBM and M&E strengthened.		2-3 week ex-county (S/SE Asia) training on ECP mainstreaming policies, mechanisms and strategies for planning officers; GAOs (from the 5 districts), and DLG officials.	12 local government officials from the pilot districts trained in ECP mainstreaming concepts and approaches in the Philippines in June/July 2011.	
LG resource allocation formula from environment/vulnerability perspective reviewed.		Review resource allocation formula of local government.		- The current RAF includes 3 criteria which include – Population, poverty incidence and geographical area. The review is intended to present a strong case to include “Environment/Climate Change” as well. - The review is expected to take place in the current FY (2011/12).
Output 3: Climate Change adaptation and disaster management integrated in local plans and budgets.				
Climate change vulnerabilities in targeted communities across Bhutan assessed.		- Consultative meetings (planning, identification of the pilot area, information dissemination). - Identify the immediate		Assessment framework developed and is currently being reviewed in-house. Stakeholder consultation is expected

JSP PRODOC Outcomes, indicative activities, and targets	2010 work plan activities/targets	2011 work plan activities/targets	Implemented Jan 2010 – June 2011	Ongoing/under preparation June 2011
		<ul style="list-style-type: none"> issues through Climate change (hire of an expert) - Identification of the indigenous knowledge used for the mitigation purpose. - Identify & develop strategies (for coping up with the immediate issues through CC). - Consultative meetings with the relevant stakeholders. 		<ul style="list-style-type: none"> by the end of the year. However the actual assessment is planned for 2012.
Capacity building of LG on VA of CC to integrate adaptation measures in local development planning initiated.		<ul style="list-style-type: none"> - ToTs on Community based disaster risk management (CBDRM) in one dzongkhag. - Training of LG officials (focal official) on Disaster Management Information Systems. 		<ul style="list-style-type: none"> - Targeted for Lhuentse and Samdrupdzongkhar Dzongkhags. - The trainings are planned in June/July and expected to be completed by the end of the year
Output 4: Environment friendly infrastructure technology and green jobs.				
Skills based training on renewable energy and environmentally friendly construction conducted.		<ul style="list-style-type: none"> - Eco- friendly & disaster resilient construction training for field officials of Tarayana. - Transfer of skills FO's to villagers. 	<ul style="list-style-type: none"> - Community consultative meeting was initiated in Dak village to develop skills on rural house construction using locally available materials. The community has been mobilized and facilitation of groups' formation initiated. The community members have expressed interest in developing their capacity in building disaster resilient houses. - The Field Officer of Tarayana Foundation along with selected community members attended a month long training on eco friendly and disaster resistant construction in August 2011. 	<ul style="list-style-type: none"> Training materials have been purchased and supplied for the community members. People will be provided with hands on training on eco friendly construction and they will construct few houses as a demonstration for other houses to be built in the future.

Annex 6: Outputs and Activities and LGSP Indicators

Outputs and Activities in the LGSP

Outputs 1: Effective and transparent financing mechanism for local government service delivery developed and in operation

- Develop and Implement the Gewog Annual Capital Grant Facility
- Develop and implement minimum conditions of access and result measures for the Gewog Annual Capital Grant Facility
- Develop and pilot a block grant facility in at least 2 districts
- Review and analysis of existing local revenue sources including rural tax
- Revision of Financial Regulations and LG grant formula.

Output 2: Inclusive, efficient and accountable public expenditure management (PEM) procedures for local government

- Improved public expenditure management procedures and materials to support the same
- Improved accountability measures incorporated into the PEM process
- In country training for Gewog accountants on budget accounting system
- Development of district/Gewog procurement processes and related manuals and training materials
- Development of templates for the design and costing of common infrastructure projects to be implemented in districts and Gewogs.

Output 3 Effective national support/training mechanism for local government personnel designed.

- Assist the RGOB to update, improve and provide the “minimum package” of training to all LGs as indicated in the Integrated Capacity Development Plan.
- Develop objectives and a mechanism to provide and pilot ear-marked capacity development grants to LGs
- Provision of a basic set of equipment to all Gewogs
- Public awareness on decentralisation developed and monitoring and evaluation of LGs and including capacity development initiatives

Output 4 Central government’s policy, regulatory, support and supervision functions Strengthened

- Mandates and institutional responsibilities for policy development, regulatory controls and support and supervision of LGs are clarified and described.
- Other support in areas such as revisions of Chathrimis, fiscal decentralization and functional assignments provided as required.

Output 5 Effective models for integrated public service and information delivery at local levels piloted

- Review, analyze results and make recommendations on the various pilots undertaken on this theme.
- Develop objectives and design a model for an integrated local level single public access points for basic administrative services

LGSP Indicators

Level	Description	Indicator and target	Means of verification
National objectives			
Long-term Objective	Local governments are fully and effectively empowered and responsible for development planning and management by 2020 (Vision 2020)		
Intermediate objective	Proportion of the population living below the national poverty line	Poverty reduced to 15% by 2013 (10 th FYP target)	Poverty Survey
LGSP objective, outcome and outputs			
Objective	Democratic governance at local government level enhanced	Local government elections held 2008/09 Elected local governments in place 2009	Report from ECB Report from GNHC
	Local governments are able to deliver services effectively and efficiently	At least 70% of population under local government administration express satisfaction with efficiency, effectiveness, transparency and accountability of LGs by 2011 (proposed LGSP target)	Public Perception Survey in year 2011 (part of LGSP)
Outcome	Strengthened capacity to provide effective and efficient public services in an accountable and transparent manner	50% of Local Governments functioning in line with established service standards by end of 2011	Status report by 2011 (GNHC)
		Approved annual plans, budgets and expenditures made available through public notice boards from 75% of LGs by 2009 and 90% by 2013	GNHC progress report; Joint Annual Review Report
Output 1	Effective and transparent financing mechanism for local government service delivery established and in operation	Annual Capital Grant Facility operational	RAA report
		90% of local governments (Dzongkhags and Gewogs) receive and report capital budgets on time and schedule	Periodic financial reports (semi-annual)
		GT and DT Chatrimis and rules and regulations revised and submitted to NA by end of 2009	Proceedings from Parliament; Legal Gazette

Output 2	Inclusive, efficient and accountable PEM procedures for local governments in operation	90% of local governments applies new planning methods (RBM) to develop their annual plans	Status report from GNHC in 2009 and 2012
		10% of GT and DT elected members are women by 2013	Project completion report
		Year-on-year decrease in the number of critical	RAA reports
		observations in financial audits	
		Utilisation of budgets disbursed to Dzongkhag and Gewog increased from 70% in 2009 to 90% in 2013	Quarterly financial reports
Output 3	Effective and sustainable capacity building mechanism/plan for local government personnel and elected members in operation	85% of Gewog staff and elected members have participated in minimum package training by 2013	Annual training report
		85% of local government staff have been training in key functional topics by 2013	Annual training report
		100% of basic equipment procured, installed and in operation by 2009	Office Automation Plan
Output 4	Central government's policy, regulatory, support and supervision functions strengthened	Substantive interventions made by GNHC	Final evaluation report
Output 5	Effective model for integrated public service and information delivery at local level	2 integrated public service centres established and in operation by 2010; 4 by 2011	Final evaluation report; Customer satisfaction survey (part of LGSP)

Annex 7:

Comparison of Formula allocation and initial budget notifications Grants allocations for Gewogs in Dagana 2011-12

Gewog	R Population	Nu in million	
		Formula based ceiling	Budget call notification Jan 2011
Goshi	2,187	4.47	4.47
Drujeygang	2,121	4.42	4.42
Kana	1,964	4.47	4.49
Lhamoizingkha	1,581	3.58	6.08
Tsendagang	1,729	3.89	3.88
Trashiding	1,636	3.99	3.98
Tseza	1,106	3.18	5.68
Tsangkha	1,352	3.45	3.45
Deorali	1,315	3.32	5.82
Gesarling	1,340	3.43	5.82
Khibisa	1,212	3.18	3.18
Lajab	863	2.57	5.06
Dorona	754	2.51	11.50
Nichula	479	2.03	5.73
Total	19,639	48.47	73.66

(Source: JAR 2011, p.5)

**Annex 8:
Ratio of RAF to the capital budget (2010-2011) of Gewogs in Dagana**

Sl#	Gewogs	Final approved Capital Budget (Nu in million)	Total approved budget at beginning FY	Allocation according to Resource Allocation Formula (RAF) (Nu in million)	% RAF to final approved capital Budget
1	Dorona	18.74	20.03	2.03	10.8
2	Drujeygang	20.16	3.60	3.33	11.8
3	Gesarling	11.30	3.17	2.66	23.5
4	Goshi	8.90	4.19	3.37	37.8
5	Kana	30.49	4.38	3.37	11.0
5	Khebisa	7.92	2.48	2.48	31.4
6	Lajab	1.56	2.07	2.07	132.4
7	Trashiding	5.76	3.56	3.04	52.8
8	Tsendagang	14.33	5.80	2.97	20.7
9	Tsangkha	2.67	2.63	2.67	100.0
10	Tseza	8.67	2.12	2.49	28.7
11	Deorali	1.80	2.58	2.58	143.4
12	Lhamoizingkha	3.40	3.06	2.76	81.2
13	Nichula	1.54	1.53	1.70	110.7
	Total	145.25	61.2	37.51	25.8

(Source: JAR 2011, p.6)