



EVALUATION REPORT

LOCAL GOVERNANCE SUPPORT PROGRAMME (LGSP) IN BHUTAN

Bhutan has undergone major political changes with the adoption of the Constitution of Bhutan and first Democratic Parliamentary Elections in 2008 and local government elections in 2011. In order to ensure a smooth transition, concerted efforts have been made and one key programme targeted was the Local Governance Support Programme. With the Programme coming to an end in 2013, this evaluation is timely and relevant.

This report evaluates the development results pertaining to the Local Governance Support Programme (2008-2013). The main objective of the End of Programme Evaluation is to identify lessons learnt and best practices and make recommendations to facilitate the government and the development partners in efficiently utilizing the limited resources within the country. The report highlights the key achievements made by the programme in terms of its successful implementation of Annual Capital Grant Facility (ACGF) and the Local Governments (LG) and suggests alternative measures for effective implementation of future LG programmes.

The Evaluation of LGSP was carried out from June-July 2013 by an Evaluation Team comprising of an International consultant and Local consultants. This report was made possible by support from the Representative Officer of Denmark. The GNH Commission would like to extend our gratitude to all local government officials, development partners and relevant stakeholders for making this evaluation possible.

Tashi Delek!



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LIST OF ABBREVIATIONS AND ACRONYMS

ACC	Anti Corruption Commission
ACG	Annual Capital Grant (to local government)
ACGF	Annual Capital Grant Facility
ADA	Austrian Development Agency
AGG	Annual Grant Guidelines
APR	Annual Programme Review
ARM	Annual Review Meeting
BAS	Budget and Accounting System
BPFBS	Budget Policy and Fiscal Framework Statement
CB	Capacity Building
CC	Climate Change
CCs	Community Centers
CCA	Climate Change Adaptation
CD	Capacity Development
CDG	Constituency Development Grant or Capacity Development Grant
CDS	Capacity Development Strategy
CFMG	Community Forest Management Group
CFs	Community Forests
Danida	Danish International Development Assistance
DLG	Department of Local Governance
DIT	Department of Information Technology
DNB	Department of National Budget
DoF	Department of Forest
DPs	Development Partners
DPA	Department of Public Accounts
DSP	Decentralization Support Programme
DT	Dzongkhag Tshogdu (District Council) – after new LG act
EU	European Union
ECP	Environment, Climate Change and Poverty
FIC	Financial Identity Code
FMA	Financial Management Arrangement
FNCA	Forest and Nature Conservation Act
FY	Fiscal Year
FYP	Five-Year Plan (of Bhutan)
G2C	Government-to-citizen
GAO	Gewog Administrative Officer
GG	Good Governance
GGA	Good Governance Agency
GGSP	Good Governance Support Programme
GNHC	Gross National Happiness Commission
GoI	Government of India
GRF	General Reserve Forest
GT	Gewog Tshogde (Block Council)
ICBP	Integrated Capacity Building Plan
JAR	Joint Annual Review
JART	Joint Annual Review Team

JICA	Japan International Cooperation Agency
JSP	Joint Support Programme
LDD	Local Development Division (of GNHC)
LDFPM	Local Development Planning Manual
LG	Local Government
LGDP	Local governance Development Programme (JICA supported)
LGSP	Local Governance Support Programme
LoCALE	Local Climate Adaptation Living
LOD	Liaison Office of Denmark (in Thimphu, Bhutan)
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MoAF	Ministry of Agriculture and Forest (of Bhutan)
MoF	Ministry of Finance
MoHCA	Ministry of Home and Cultural Affairs
MoLHR	Ministry of Labour and Human Resources
MoU	Memorandum of Understanding
MoWHS	Ministry of Works and Human Settlement
MYRB	Multi-Year Rolling Budget
NCWC	National Commission for Women and Children
NEC	National Environment Commission
NGO	Non-Government Organization
NPAG	National Plan of Action for Gender
OSS	One Stop Shop
PBGs	Performance-Based Grants
PEM	Public Expenditure Management
PEMS	Public Expenditure Management System
PFM	Public Finance Management
PlaMS	Planning and Monitoring System
PMG	Programme Management Group
RAA	Royal Audit Authority
RAF	Resource Allocation Formula
RCSC	Royal Civil Service Commission
REAP	Rural Economy Advancement Programme
RED	Research and Evaluation Division
RENEW	Respect Educate Nurture and Empower Women
RGoB	Royal Government of Bhutan
ROD	Representation of Denmark
RNR	Renewable Natural Resources
SASEC	South Asia Sub regional Economy Cooperation
SC	Steering Committee
SCM	Steering Committee Meeting
SDC	Swiss Agency for Development and Cooperation
SDP	Small Development Projects (GoI funded)
SESP	Sustainable Environment Support Programme
SLMP	Sustainable Land Management Programme
SNV	Netherlands Development Programme (in Bhutan)
ToR	Terms of Reference
TOT	Training of Trainers

TWG	Technical Working Group
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
UNEF	United Nations Emergency Forces
UNEP	United Nations Environment Programme

INTRODUCTION

In 2008, the Royal Government of Bhutan (RGOB) signed a Joint Framework with development partners to support the good governance goals outlined in the 10th FYP with a focus on strengthening the on-going decentralization process in the country. Under this Framework, the five-year joint Local Governance Support Programme (LGSP) was launched in July 2008 and ended in June 2013. Upon completion of the LGSP, the Gross National Happiness Commission (GNHC) in collaboration with the Representative Office of Denmark in Bhutan facilitated an end of programme evaluation through an independent evaluation team. The evaluation team representing EML Consultants (Pvt) Ltd, Sri Lanka and Druk Associates, Bhutan were selected for the final evaluation study in June-July 2013.

The primary purpose of this end of programme evaluation is to assess the development results pertaining to the LGSP with the objective of identifying lessons learnt and best practices and to make practical recommendations for the next phase of the programme. The outcome-based evaluation entailed a systematic collection and analysis of performance information and data on the results achieved in terms of key indicators comprising relevance; effectiveness & efficiency; outcomes, impact & key achievements; challenges faced, lessons learned & best practices; and ownership and sustainability. The indicators used to evaluate outputs and outcomes of the LGSP serve to enhance the effectiveness of future programmes in achieving their desired outcomes.

SUMMARY OF KEY FINDINGS

Relevance of LGSP

The LGSP was both timely and relevant as it coincided with Bhutan's first democratic elections in 2008 and the local government elections held in 2011. As a follow up to the Decentralization Support Programme (DSP) that ended in 2007, it facilitated the achievement of the Tenth Five Year

Plan goal of 'poverty reduction' and contributed to strengthening local democratic governance in Bhutan.

Two major components of LGSP are the Annual Capital Grant Facility (ACGF) and Capacity Building. The ACGF has not only provided the local government the autonomy in planning but has also strengthened its capacity for implementation of planned activities through policy guidelines. Additionally, the resource allocation formula for the budgetary process of Dzongkhags and Gewogs has provided clarity in terms of resource allocation and consequently greatly facilitated the planning of activities at the local level. Given the LG arrangements already in place, the implementation of LGSP, particularly in the mainstreaming of its activities, did not incur major challenges.

The smooth implementation can mainly be attributed to the relevance of LGSP to Local Government developments. For instance, Output 5 of the LGSP, which focused on integrated service delivery and taking services to the citizens, received highly positive ratings. The Community Information Centres (CIC) project based on the concept of One-Stop-Shop (OSS) has significantly improved public access to such services, resulting in savings in both time and money for the communities. The Community Centres (CCs) in 5 of the 11 communities visited were equipped with the necessary ICT infrastructure and fully operational and the remaining CCs were expected to be operational soon.

Efficiency and effectiveness of LGSP Interventions

Based on a detailed assessment using different factors such as (a) Reality of Timeframe; (b) Decentralization Reform Programme; and (c) Fiscal Decentralization and Establishment of Effective and Transparent Financing Mechanism for LG Service Delivery, the overall efficiency and effectiveness of the Programme was found to be satisfactory.

Capacity Development

LGSP interventions, especially for capacity development, were found to be highly efficient, as the capacity for independent planning and implementation of activities by LGs and the communities was enhanced at all levels. This was evident from the increased ability of LGs to utilize allocated funds as compared to previous years when substantial amounts of unutilized budgeted funds were returned to the central government. The ability to use the Public Expenditure Management System (PEMS) has resulted in efficiencies in time and institutionalized a transparent mechanism for the management of the budget.

Key outcomes and impact

A notable outcome facilitated by LGSP is the strengthening of institutional arrangements for local governance through the creation of the Department of Local Governance (DLG) in 2010 under the Ministry of Home and Cultural Affairs (MOHCA), LG elections in 2011, and instituting “Class A” municipalities with elected mayors in 2011. This has been complemented by capacity building of officials at all levels who are involved in the management and implementation of LGSP, including elected local leaders, mayors and central government officials.

Key challenges and lessons learnt

A series of challenges were encountered in the process of capacity building for using PEMS and Multi-Year Rolling Budget (MYRB). These included difficulties in the use of the financial software; slow speed of internet services and addressing crosscutting themes, especially equal participation of gender in trainings and capacity development activities under the Programme. In terms of the effective utilization of community service centers, internet connectivity and its speed was cited as the main challenge. Key stakeholders have, however, shared the view that the overall level of challenges faced was not significantly high.

Although notable achievements have been made in terms of having the tools for decentralization in place, such as LG Act, Thromde Act and Rules and Regulations for LGs, more needs to be done to ensure full autonomy of LG institutions and to enable them to effectively implement these tools to achieve meaningful results.

While greater impacts can be seen in those Dzongkhags that had more donor funded activities being implemented with them, but simultaneous interactions with various donor agencies were found to be burdensome by many LG leaders. Instituting a strong coordination mechanism among relevant agencies to ensure that such interactions take place in a sequenced manner is, therefore, highly desirable.

There was a general lack of awareness at the LG level about the linkages between the activities implemented under LGSP and the name of the Programme itself. Implementers could make an effort to raise such awareness by linking the name of the LGSP to activities specifically funded by it.

Best Practices

Several best practices and innovative products have resulted from the LGSP. Most notably, the ACGF and LG grant formula were found to be highly innovative products for establishing a solid foundation for financial decentralization, having been successfully developed, tested and implemented across the 205 Gewogs over the last 5 years. The ACGF played a vital role in meeting the objectives of the Programme, which combined with the Capacity Development (CD) Grants was found to be highly beneficial to LGs for demand and need-based local capacity building.

Other notable best practices introduced by LGSP include the Community Contract Protocol (CCP) and the Small Scale Infrastructure Design and Costing Templates that were designed, tested and effectively implemented in Dzongkhags and Gewogs. These tools provided local communities the opportunity to get involved in local development planning and implementation process. They also served to be highly useful instruments for local governments to ensure more effective planning and implementation of development activities. The CCP in particular has been an effective tool in formalizing the traditional and informal community agreements for procurement of non-monetized labor.

Ownership and sustainability

The overall implementation of the LGSP was under the Department of Local Governance. Given the strong ownership of LGSP and that its activities have been incorporated into the annual plan of activities of RGOB, and the various capacity building initiatives the sustainability of the Programme is fully ensured.

Key stakeholders' perception

Of the total stakeholder respondents, more than 90% rated the level of efficiency and

effectiveness of interventions; outcomes, impact and key achievements; and the relevance of LGSP as either high or medium. About 75% stakeholders rated the level of ownership and sustainability as either high or medium and more than 75% of stakeholders were of the view that level of challenges faced was low.

KEY RECOMMENDATIONS

The evaluation reveals that while the main objectives¹ and expected outcomes² of the LGSP continue to be valid, strengthening the approach and methodology in programme design and implementation would provide the necessary impetus for enhancing the impact of the next phase of the Programme. For instance, the activities under the LG Capacity Building components were limited to imparting trainings only. Establishing a proper follow-up mechanism at the LG level to ensure the sharing and application of knowledge gained through trainings and study tours and the monitoring of such progress should therefore be considered in the next phase. Such a mechanism should include avenues for peer learning and sharing of new skills and knowledge acquired through trainings/study tours. Furthermore, local government capacity building programmes should also ensure that activities are more demand-driven and consequently better aligned to meet the needs in the field. The compilation of gender-segregated data was also found to be scanty and could do with greater attention in the future.

Public services and information delivery is a vital area that requires further attention in order to achieve the expected outcomes of the programme. It was found that LGSP made a marginal investment in this sector. However, effective coordination and synergy with parallel projects enabled the establishment of CCs that had initially started off as CICs. More attention could also be paid to setting up an effective interagency mechanism represented by all relevant agencies to provide guidance, assistance and backstopping support to LGs in this area. Similarly, setting up of Service & Information Delivery Working Groups to assist implementing agencies and partners in the management of public services is highly recommended.

Overall, the LGSP was a landmark project that was launched at an opportune time to strengthen the ongoing decentralization process in Bhutan. It has successfully tested and piloted innovative promising practices for financial decentralization, LG capacity development and public service delivery. Although the objectives and some of the expected outcomes were ambitious and challenging in view of the short span for implementation and limited resources, the LGSP has laid an enduring foundation for their eventual realization. As such, and given the crucial role of strong local governments in Bhutan's nascent democratization process, the extension of this programme is highly recommended. The key challenges and issues faced during the implementation of LGSP are elaborated in the main report and specific recommendations to address them in Annex 4.

¹Democratic governance at local government level enhanced; Local governments are able to deliver services effectively and efficiently

²Strengthened capacity to provide effective and efficient public services with accountability and transparency.

WAY FORWARD STRATEGY AND FOLLOW-UP MECHANISM

In order to build upon the success of the LGSP and ensure that it continues to play a catalytic role in meeting the objectives of the Eleventh Five Year Plan (2013 - 2018), particularly in building the capacity of the grassroots leaders and communities, the development of a clear roadmap for the next phase of the Programme is crucial. Such a roadmap must include a follow-up mechanism as an integral part of the Programme and should include three main steps that address issues related to: (a) Transition/Preparatory phase; (b) Programme Implementation phase; and (c) Programme consolidation phase.

This would entail, reaching a consensus among key stakeholders on the accomplishments of the LGSP, key lessons learnt, and challenges faced; aligning subsequent local government support programme with the goal and objectives of the Eleventh Five Year Plan and Vision 2020; and conducting a consolidation session at the end of the programme to evaluate the sustainability of past achievements.

1.1 BACKGROUND

Bhutan's development planning is guided by the development philosophy of Gross National Happiness (GNH), which encompasses four pillars that includes the promotion of good governance. An integral aspect of the promotion of good governance in Bhutan has been the gradual process of democratic governance and decentralization, the beginnings of which dates back to the establishment of the Tshogdu or National Assembly in 1953, followed by the Lodey Tshogde (Royal Advisory Council) in 1965, the High Court in 1967 and the Lhengye Zhungtshog (Cabinet) in 1972. During the Fifth Five Year Plan this process of decentralization was enhanced to encompass local governance with the formation of Dzongkhag Yargye Tshogchungs (DYT) or District Development Committees in 1981, which resulted in the delegation of administrative and financial powers to the district level.

Mechanisms for local participation in development were further enhanced during the Sixth and Seventh Five Year Plans through the transfer of key sectors such as RNR, health and education to the district level and the formation of Gewog Yargye Tshogchungs (GYT) or County Development Committees in 1991. Recognizing the vital need to build a stronger foundation for devolved planning and implementation, the training and capacity building of staff and local government officials began to receive strong impetus beginning with the Eighth Five Year Plan.

Pursuant to the national strategic goals envisaged in the Vision 2020 document that was launched in the year 2000, and with the initiation of the process of drafting the first written constitution of the country in 2001, decentralisation increased substantially during the Ninth Five Year Plan. The concept of democratic local governance found new expression with the revision of the DYT and GYT Chathrim (Acts), which provided the legal basis for the assignment of powers, functions and finances to the Dzongkhag and Gewog level. A series of important reforms that constituted critical milestones in strengthening decentralized governance were adopted. These included the holding of local elections in 2002 for the head of GYT using a secret ballot and on universal adult franchise basis; indirect elections for the head of the DYT; a decentralised or Gewog-based planning framework for planned activities; and transfer of funds directly to local governments. Additionally, the establishment of Department of Local Governance (DLG) within the Ministry of Home and Cultural Affairs (MoHCA) in 2005 and enactment of the Local Government Act 2007 provided a strong institutional framework for the promotion of an enabling policy, legislative and regulatory environment for local governments.

The Tenth Five Year Plan period was a landmark in Bhutan's decentralization process and transition to democratic governance as more than five decades of evolution and preparations in this participatory process culminated in the adoption of the Constitution and first democratic parliamentary elections in 2008. These two events effectively transformed the country from an absolute monarchy to a democratic constitutional monarchy with a democratically elected parliament and government. In the context of

local governance, local level administrative autonomy was enhanced and the principles of democratic and decentralized governance formally enshrined under Article 22 of the Constitution.

The Tenth Plan recognized the introduction of parliamentary democracy in 2008 as a special opportunity to consolidate the gains of decentralized local governance and enhance prospects for Bhutan's fledgling democracy as it facilitated a greater plurality of actors participating in governance to promote greater transparency, accountability and efficiency in public service delivery and implementation of development activities at both national and local levels.

The rationale for this included a greater propensity for local level interests and concerns being represented in national decision-making; direct impact on poverty reduction through grass-roots participatory planning and implementation of targeted poverty programmes in accordance with the needs and preferences of the poor; more efficient and effective delivery of public services; enhancing human development outcomes; and better conservation of natural resource management, all of which would ultimately contribute towards achieving national, regional and international goals and commitments and realization of GNH.

As such, in conjunction with the inception of democracy, the Tenth Plan sought to strengthen efforts to promote decentralization by building on the Gewog based planning framework introduced in the Ninth Plan through new initiatives such as the streamlining of the financial systems and regulations; introduction of the multi-year rolling budget; and the piloting of a rationalized formula based grants system to local governments.

While the Tenth Plan recognized that Bhutan had built strong foundations for good governance, particularly for enhancing decentralized governance, it equally took cognizance of the critical challenges for a young democracy. Efforts to implement the final aspects of effective decentralization, especially the introduction of a formula based rationalized discretionary annual grants for all local governments still needed to be undertaken.

In this regard, weak institutional and human capacity at local levels; the inadequate resource base of local economies and institutions; and often the bureaucratic administrative systems and procedures that hamper the efficiency and effectiveness of local administration were seen to be critical challenges that needed to be urgently addressed under the Tenth Plan.

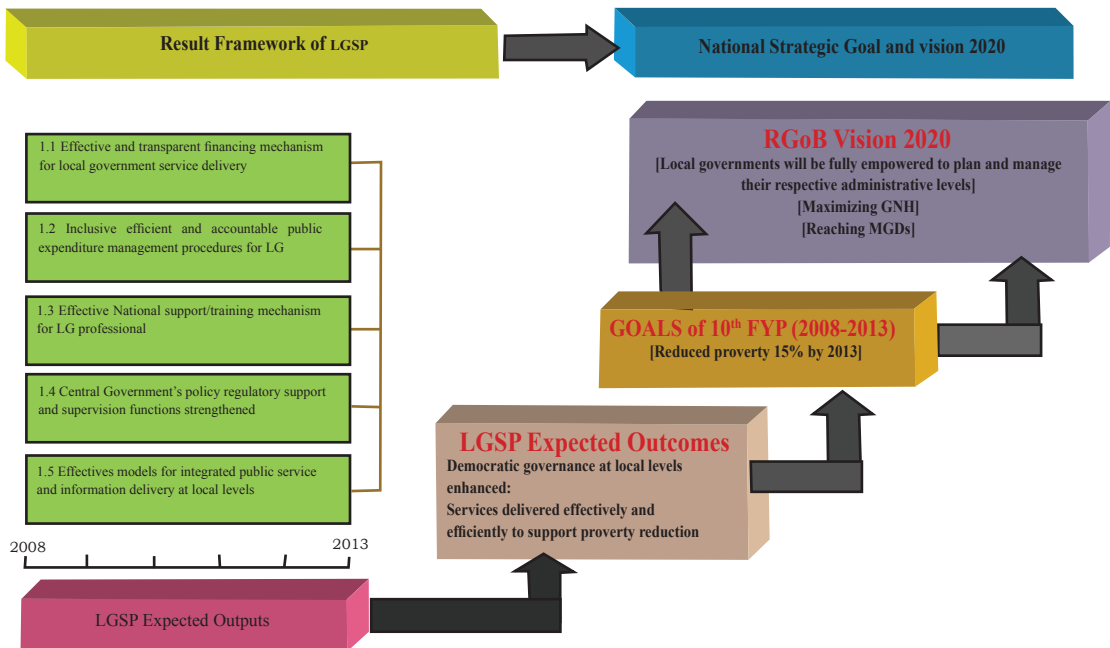
1.2 DESCRIPTION OF THE LGSP

Against the above background, in 2008, the Royal Government of Bhutan launched the Local Governance Support Programme (LGSP) with development partners, which provided a joint framework to support the realization of the good governance goals and objectives of the Tenth Five Year Plan, with a focus on the decentralization aspects. The joint programme received direct support from Denmark, Austria, SDC, UNCDF and

UNDP while JICA, EU and other development partners provided indirect support as part of their overall contribution to RGoB’s good governance and local government reforms. The programme covered a period of five years from July 2008 to June 2013 and had a total budget of USD 17.58 million.

The primary objectives of the LGSP included strengthening of local democratic governance; improving the efficiency and effectiveness of the local governments in delivering their services; and contributing towards achieving the 10th Five Year Plan goal of poverty reduction and the realization of the MDG’s. The results framework developed during the preparatory stage of LGSP and how it aligned with the strategic goals Vision 2020 and the Tenth Five Year Plan are illustrated in Figure 1 below.

FIGURE 1: RESULTS FRAMEWORK OF LGSP AND ITS LINK WITH NATIONAL STRATEGIC GOAL AND VISION 2020



The five strategic outputs (SO) to achieve these objectives included:

SO1: Effective and transparent financing mechanism for local government service delivery in place and well functioning.

SO2: Inclusive, efficient and accountable public expenditure management procedures for the local government established and being used.

SO3: Effective national support/training mechanism for local government personnel and elected people in place.

SO4: Central government's policy, regulatory, support and supervision functions strengthened.

SO5: Effective models for integrated public service and information delivery at local levels piloted.

More specifically, and aligned to achieve the primary objectives and strategic outputs, the main activities of LGSP were designed to strengthen and broaden the Gewog grant mechanism and provide budgetary support to Gewogs in the form of capital grants; improve overall public expenditure and financial management procedures; strengthen overall capacity development and training for local governments; build capacity to enhance accountability and transparency; develop and pilot a block grant facility in at least 2 districts; enhance policy support for local government; develop effective models for integrated public service and information delivery at local levels.

Two major components of LGSP include the Gewog Annual Capital Grant Facility (ACGF) and Capacity Development of local governments. While 11 percent of the total capital investment funding was allocated to the ACGF, the remaining funds were utilized in implementing the Capacity Development and other activities highlighted in LGSP. The Capacity Development component was an integral aspect of the LGSP in order to ensure local governments had the appropriate capacity to effectively and efficiently use funds from the ACGF.

To ensure the relevance of the Programme, a joint LGSP Outcome Board/Steering Committee was established with members from the Royal Government, local governments and development partners to oversee the implementation of the Programme.

1.3 REPORT STRUCTURE

Chapter 1 provides a brief introduction and background of the LGSP. Chapter 2 outlines the objectives and methodology as well as the evaluation process. Chapter 3 presents the main findings of the evaluation in terms of its relevance, effectiveness and efficiency, outcomes and impact and key achievements. It also highlights the key challenges faced, lessons learned and best practices and ownership and sustainability of the Programme. Chapter 4 presents the conclusion of the evaluation findings. The final Chapter 5 proposes recommendations, including a strategic framework for the way forward and a follow up mechanism for similar programmes in future.

2.1 PURPOSE OF THE EVALUATION

The main purpose of this end of programme evaluation is to determine the extent to which the LGSP has met its stated goals and objectives. Through the identification and documentation of activities and results, the report is expected to enable the government and donors to take stock, explore issues and answer questions that are of primary concern to the successful implementation of similar programmes in future.

2.2 OBJECTIVES OF THE EVALUATION

The stated objective of the evaluation is to assess the programme achievements and document the ways in which the programme has contributed towards achieving the results. The evaluation is expected to draw on both the successes and challenges of the LGSP to illustrate lessons learnt and to make concrete recommendations to guide the design and implementation of similar efforts in the Eleventh Plan.

2.3 EVALUATION METHODOLOGY

The preparation of this end of programme evaluation report for the LGSP follows the Draft Evaluation Protocol and Guidelines of RGOB and is also guided by the OECD/DAC standard guidelines. The key criteria of the evaluation addressed issues of relevance; efficiency and effectiveness; outcomes, impact and key achievements; challenges faced, lessons learnt and best practices; and ownership and sustainability of the programme.

The evaluation adopted a consultative, participatory and adaptive approach that included both qualitative and quantitative methods. To ensure that a wide array of perspectives, views and opinions on results of the programme were obtained, close consultations were held with various key stakeholders, including public and local government agencies, all development partners and beneficiaries of the project, leaders of local communities and other relevant organizations and agencies. In particular, it entailed close coordination and consultation with the Evaluation Reference Group formed by GNHC, including members from relevant agencies such as Department of Local Governance and Ministry of Finance that provided technical guidance and inputs throughout the evaluation process.

Additionally, this evaluation entailed a thorough review of the various relevant project documents; field data collection and verification and validation of the data and information collected; integrating various cross cutting themes such as gender, environment, capacity building and disaster resilience; and collating lessons learned, best practices, case studies and unplanned results. The key findings of the evaluation were consolidated and documented and shared with relevant stakeholders for comments and feedback before being finalized.

Table 1. Evaluation Criteria and Key Elements

I. RELEVANCE	Assess actual development results achieved against planned results for the various levels of the results chain.
II. EFFECTIVENESS & EFFICIENCY	Identify factors that have contributed to the achievement of results, challenges, and variances from the expected results.
III. OUTCOMES, IMPACT & KEY ACHIEVEMENTS	Describe how the programme addresses cross cutting themes, e.g gender equality or environmental issues.
	Document lessons learned and best practices based on evaluation criteria used.
IV. CHALLENGES FACED, LESSONS LEARNED & BEST PRACTICES,	Provide an update of the beneficiary reach at all levels of the results chain.
	Identify actual versus planned results with explanations for variances.
V. OWNERSHIP AND SUSTAINABILITY	Make recommendations to achieve planned or more desirable results and to enhance sustainability of results over a period of time.

2.4 EVALUATION PROCESS

The evaluation process commenced with the mobilization of the evaluation team, which was followed by conducting of desk review of relevant documents and key stakeholder consultations in the first week of June 2013. Subsequently, a consultative meeting was held with the Evaluation Reference Group (list of members in Annex 6). Based on the above, an inception report that included a refined framework for the process and methodology of the evaluation was prepared and submitted. The team conducted the field evaluation from 16th June to 4th July 2013.

2.5 LIMITATIONS TO THE EVALUATION

Although the LGSP was implemented throughout the 20 Dzongkhags and 205 Gewogs, the geographic scope of the field evaluation covers only seven of the Dzongkhags. However, in the selection of the seven Dzongkhags for the field evaluation due consideration was given to ensure that a representative sample of the country was included, particularly to provide a sound basis for comparative analysis across rural and urban areas. Accordingly, the seven districts selected included Thimphu and Wangduephodrang from the western region, Trongsa and Zhemgang from the central region; Mongar and Trashigang from the eastern region; and Sarpang including Gelephu Dungkhang from the southern region.

Other limitations of the evaluation included time constraints and resource constraints in the conduct of field evaluation and its coincidence with the holding of the second parliamentary elections, which to some extent restricted the conducting of focused group discussions with communities and prolonged the timeline for data collection and limited the ability of the team to capture all relevant information.

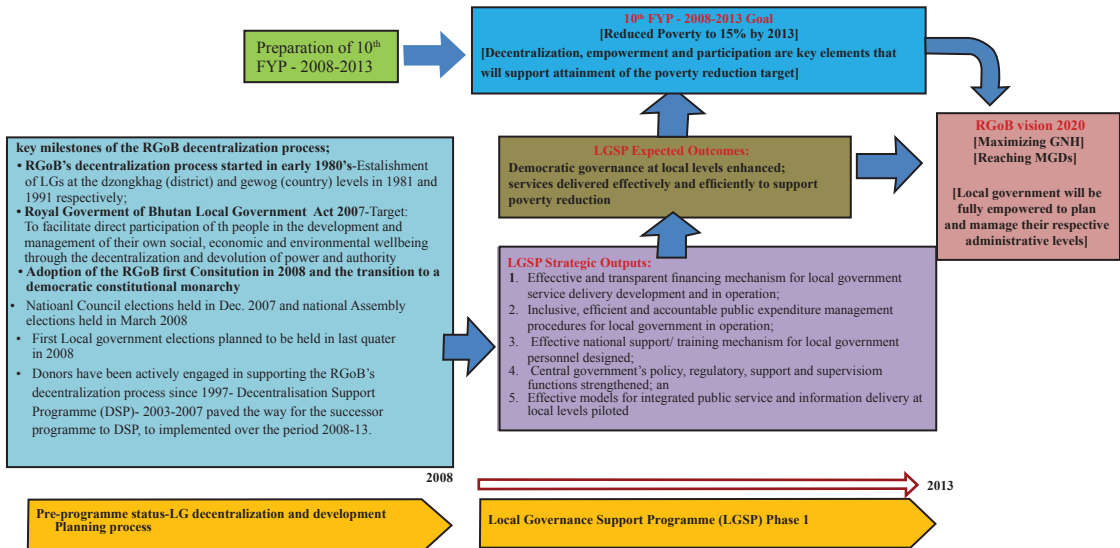
Additionally, there were other projects outside the domain of the LGSP but supporting similar activities that were being concurrently implemented. As such, evaluating the real outcome and impact of LGSP as a stand-alone programme proved to be challenging. However, the evaluation team made concerted efforts to assess the achievements of the Tenth Five Year Plan that were relevant to the LGSP, based on which it was able to draw necessary conclusions on those that could be attributed to the Programme.

This chapter, which constitutes the key part of the report, presents the main findings of the evaluation using the established criteria of relevance; effectiveness and efficiency; outcomes, impact and key achievements; challenges faced; lessons learned and best practices; and ownership and sustainability of the Programme.

3.1 RELEVANCE

Overall the LGSP was highly relevant with its interventions closely aligned to the country’s prevailing national priorities in terms of its development goals and objectives as well as its challenges, as manifest in the Vision 2020 and Tenth Five Year Plan. The objectives, expected outcomes and outputs of the LGSP were formulated based upon the experience, including best practices and lessons learnt, of the recently completed Decentralisation Support Programme (DSP - 2003 to 2007) and other similar initiatives to strengthen local governance. The relevance of the LGSP in terms of its design logic is illustrated in Figure 2, from which it is evidently clear that its strategic outputs and objectives as well as the time frame and implementation mechanism to achieve them are closely linked to the Vision 2020 and the Tenth Five Year Plan.

Figure 2: Relevance of the design logic and implementation mechanism of LGSP.

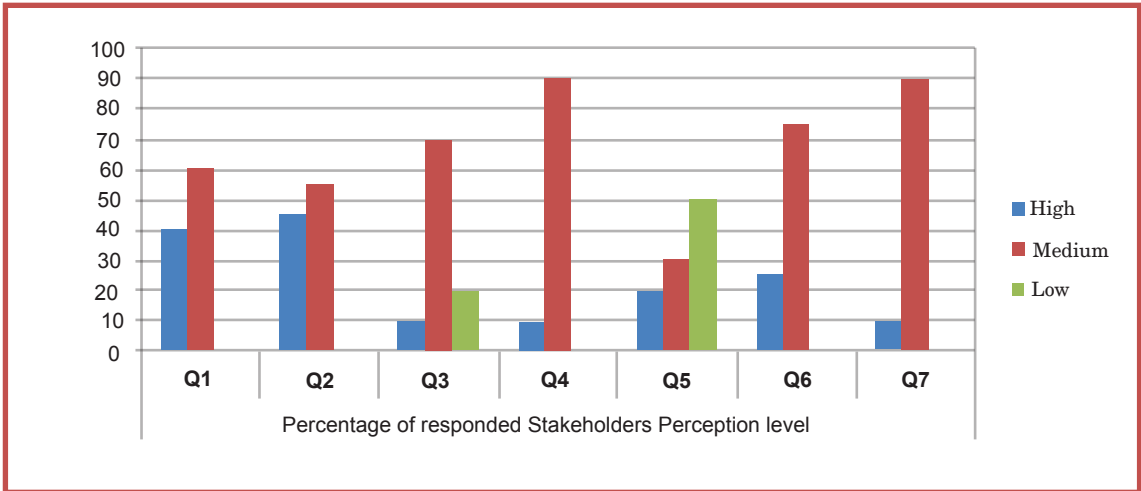


However, it could be argued that the design of the LGSP in terms of fully achieving the expected output and outcomes within a short span of five years was highly ambitious, particularly given the long gestation period that is generally required for bringing about such significant and transformative changes in local governance.

While the two main components of the LGSP, namely ACGF and Capacity Development, were mutually reinforcing, with the latter component supporting the effective implementation of the former, there were mixed reactions with regard to the relevance of these two components being implemented concurrently. Some respondents advocated that the capacity building component should have preceded the ACGF so that local governments are prepared before hand to more effectively and efficiently plan and implement activities when annual grants are provided to them. On the contrary, others were of the view that concurrent implementation, as designed in LGSP, was a better approach as it fostered the use of knowledge and skills acquired through the capacity development component for actual implementation of planned activities under the ACGF component.

The perceptions of key stakeholders on the level of relevance of the programme design, measured in terms of the five strategic outputs, the results framework and incorporation of crosscutting issues, are presented in Table 2 below.

Table 2: Key Stakeholders' Perception on the Relevance of LGSP							
Stakeholder perception level	Percentage of respondents						
	Q1	Q2	Q3	Q4	Q5	Q6	Q7
High	40%	45%	10%	10%	20%	25%	10%
Medium	60%	55%	70%	90%	30%	75%	90%
Low	-		20%	-	50%	-	-
Not relevant	-		-	-	-	-	-
Total							
Questions responded to							
Q1	Level of relevance of the strategic output 1						
Q2	Level of relevance of the strategic output 2						
Q3	Level of relevance of the strategic output 3						
Q4	Level of relevance of the strategic output 4						
Q5	Level of relevance of the strategic output 5						
Q6	Level of relevance of the results framework?						
Q7	Level of crosscutting issues incorporated?						



3.2 EFFICIENCY AND EFFECTIVENESS

3.2.1 Donor coordination mechanism

As a joint donor programme that was fully implemented by RGOB, the LGSP at its very outset had an inherently strong foundation for donor coordination. As a result, development partners contributed to a basket of funds to implement various activities under the Programme. The Programme provided a modus operandi for effective horizontal and vertical coordination with activities of other projects such as the JSP and SESP. However, some funding agencies such as the UNDP, found it necessary to earmark their funding for particular activities, which resulted in additional reporting requirements.

3.2.2 Reality of timeframe

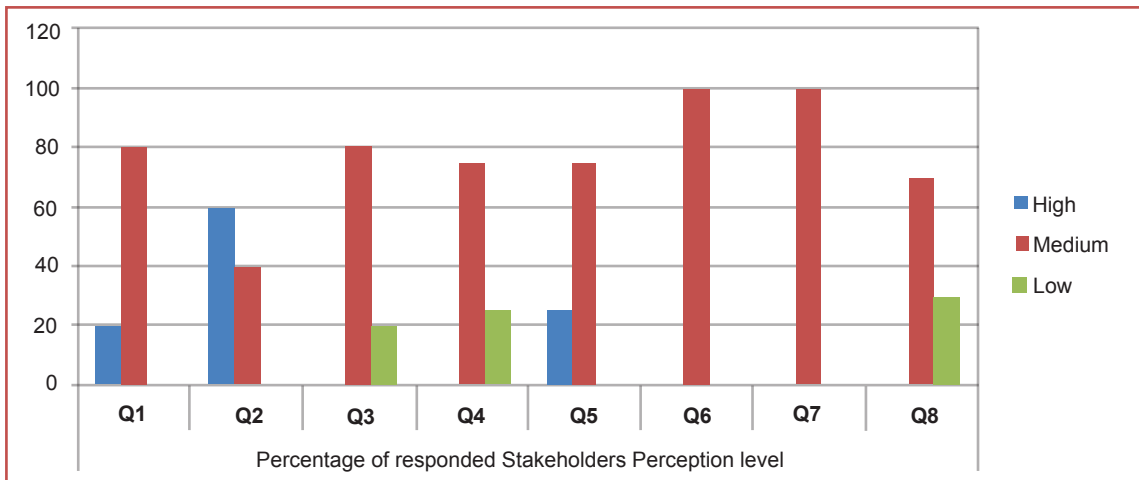
Coinciding with the adoption of the Constitution and first democratic elections in 2008, the LGSP was most opportune in terms of the timing of its launch. It also had a realistic timeframe for implementation as it was designed with a five-year time span (2008-2013) that was aligned to the Tenth Five Year Plan period.

The review of the accomplishments under the ACGF and Capacity Development components reveal that significant progress has been made in the timely delivery of planned activities of the LGSP. However, given the longer gestation period required for transformative results, it may be concluded that the time frame was not realistic to entirely achieve the expected outcomes of the Programme. Nevertheless, the Programme has laid strong foundations and paved the way for fully achieving the expected outcomes envisaged, for which a second phase of the Programme is highly recommended.

3.2.3 Achievement of Five Strategic Outputs

The efficiency and effectiveness of the LGSP was mainly evaluated against the achievement of its five strategic outputs. The key findings of the evaluation are summarized in the following Table 3 and further elaborated under the respective sections for each of the strategic outputs below.

Table3: Key Stakeholders' Perception on the Effectiveness & Efficiency of LGSP								
Stakeholder Perception	Percentage of Respondents							
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
High	20%	60%	-	-	25%	-	-	-
Medium	80%	40%	80%	75%	75%	100%	100%	70%
Low	-	-	20%	25%	-	-	-	30%
Not relevant	-	-	-	-	-	-	-	-
Total								
Questions Responded To								
Q1	Level of Effectiveness & Efficiency in utilization of allocated resources for strategic output 1							
Q2	Level of Effectiveness & Efficiency in utilization of allocated resources for strategic output 2							
Q3	Level of Effectiveness & Efficiency in utilization of allocated resources for strategic output 3							
Q4	Level of Effectiveness & Efficiency in utilization of allocated resources for strategic output 4							
Q5	Level of Effectiveness & Efficiency in utilization of allocated resources for strategic output 5							
Q6	Has the funding modalities been cost effective and effective in delivering the services in a timely manner? If yes, what level?							
Q7	Level of effectiveness of the M&E system of the program to measure the 'efficiency & effectiveness of the program implementation, especially the capacity development support?							
Q8	Has the programme addressed the cross cutting issues effectively and efficiently? If yes, what level?							



3.2.3.1 Strategic Output 1: Effective and transparent financing mechanism for local government service delivery.

3.2.3.1 (a) Annual Capital Grant Facility (ACGF)

The new formula-based fiscal transfer system, known as the Annual Capital Grant Facility (ACGF), was developed on the basis of the lessons learned from the LG grants pilot project. The LGSP played a very important role in establishing an effective fiscal transfer system, which according to the stakeholders made a huge positive impact. The Gewog Annual Capital Grant Facility has been effectively instituted and implemented in all the 20 Dzongkhags and 205 Gewogs. The minimum conditions to access annual capital grants (timely preparation and submission of annual plans & budgets, submission of monthly accounts and minutes of GTs and DTs) were found to have been successfully fulfilled by local governments.

The efficiency and effectiveness with which Dzongkhags and Gewogs implemented the ACGF is evident from the high level of utilization of capital budget allocated to local governments, which is illustrated in Tables 4, 5, 6 and 7 below.

Table 4: Capital Budget Allocation, Release and Utilization									
Local Agency	Allocated Budget and Amount in Nu. Billion								
	FY 2009/10			FY 2010/11			FY 2011/12		
	B	R	U	B	R	U	B	R	U
Dzongkhag	1.93	1.44	1.28	2.44	2.2	1.99	2.7	2.38	2.19
Gewog	1.1	0.91	0.82	1.75	1.63	1.47	2.59	2.45	2.2
Total	3.02	2.35	2.1	4.19	3.83	3.46	5.29	4.83	4.39

B=Budgeted, R=Released, U=Utilized

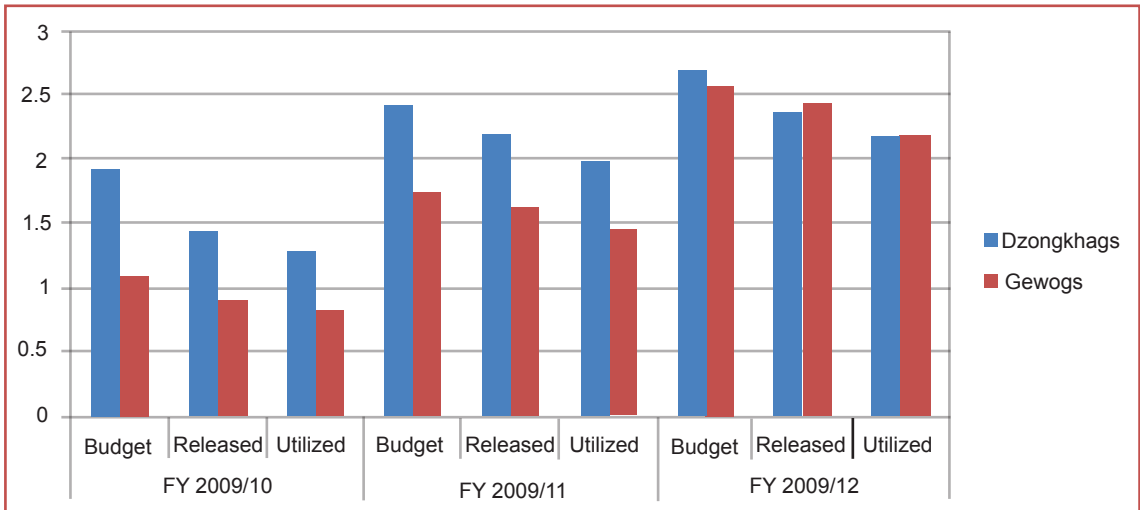


Table 5: Percentage (%) Increase in Capital Budget Allocation, Release and Utilization

Local Agency	Allocated Budget and Amount in Nu. Billion								
	FY 2009/10			FY 2010/11			FY 2011/12		
	B	R	U	B	R	U	B	R	U
Dzongkhag									
Gewog	26.4	52.8	55.5	10.7	8.2	10.1	0.4	65.3	71.1
Total	38.7	63	64.8	26.3	26.1	26.9	59.9	105.5	109.1

B=Budgeted, R=Released, U=Utilized

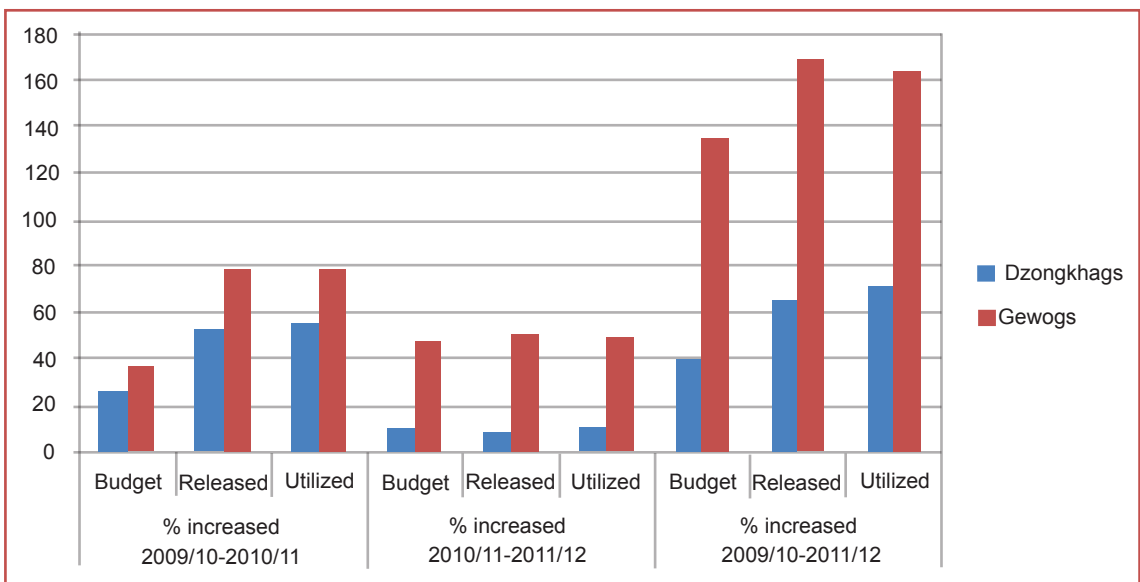


Table 6: Capital Budget Utilization by Dzongkhags & Gewogs

Local Agency	Fund utilized in Nu. Billion			
	FY 2008/9	FY 2009/10	FY 2010/11	FY 2010/11
Dzongkhag	0.85	1.28	1.99	2.19
Gewog	0.48	0.82	1.47	2.2
Total	1.33	2.1	3.46	4.39

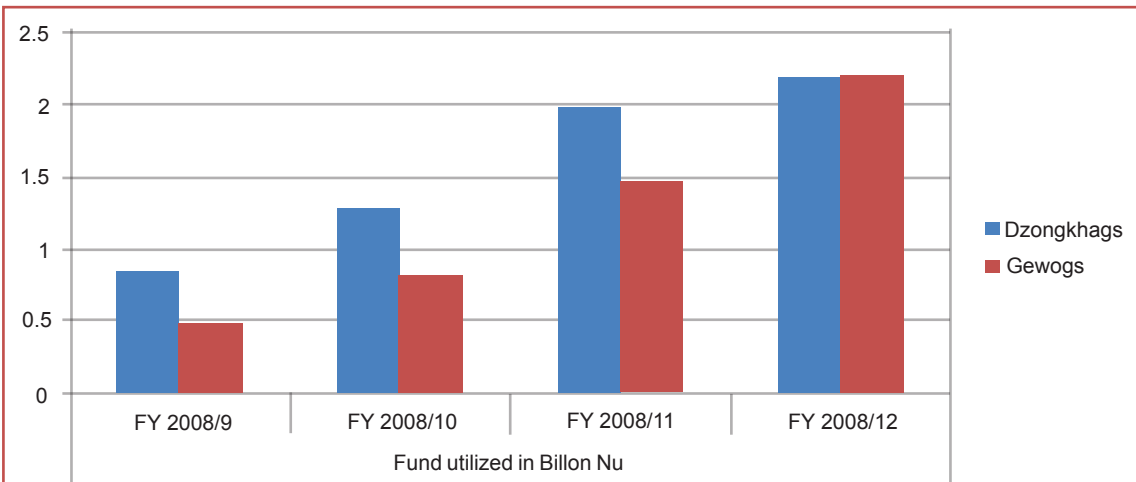
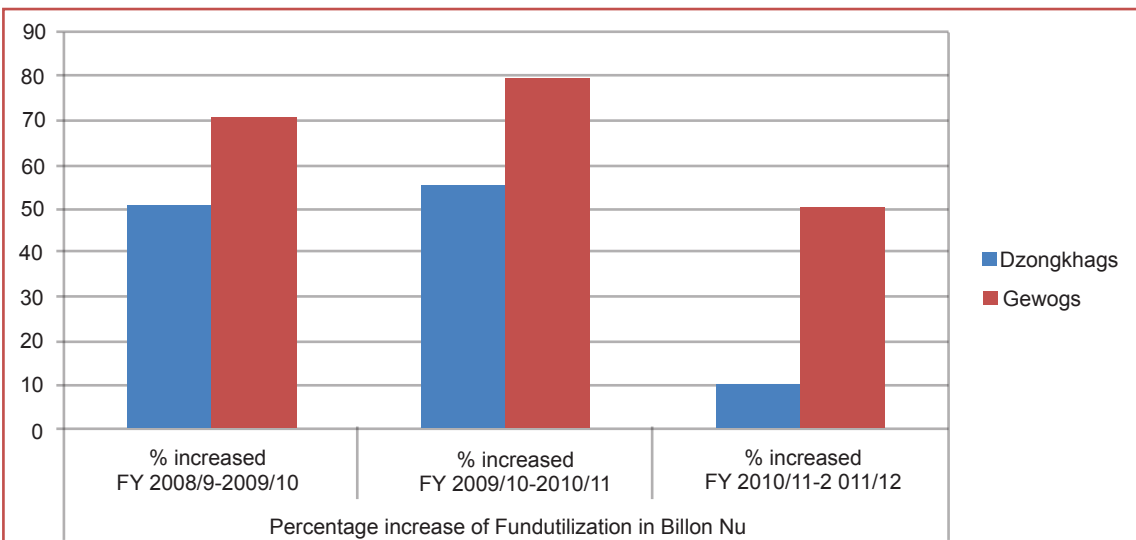


Table 7: Progress of Fund Utilization by Dzongkhags and Gewogs

Local Agency	Percentage (%) increase of Fund utilization			
	FY 2008/9 to 2009/10	FY 2009/10 to 2010/11	FY 2010/11 to 2011/12	FY 2008/9 to 2011/12
Dzongkhags	50.6	55.5	10.1	157.7
Gewogs	70.8	79.3	49.7	358.3
Total	57.9	64.8	26.9	230.1



The data in the above tables evidently shows that the capital budget allocations to local governments significantly exceeded what was envisaged in the 10thFYP. That this has occurred despite the relative small contribution through the LGSP to overall levels of local government capital budgets is reflective of the strong commitment of the central government to fund local governments. Such a situation demonstrates that the funding modality introduced by LGSP has enhanced capital fund allocation to LGs in a transparent and formula based manner. One of the visible outcomes of the efficiency and effectiveness of ACGF is the enhancement of absorptive capacities of local governments over the last four years, as illustrated in Tables 4 to 7 above.

3.2.3.1 (b) Resource Allocation Formula (RAF)

RAF is a tool used by the central government to allocate financial resources to local governments under the ACGF. Initially, the allocation formula was based on three criteria: population, land area and poverty. The basis for RAF is found to be sound as it takes into account basic demographic and poverty variables that are common factors used in many other countries.

What is distinctive about the RAF in Bhutan is that it has adopted a more positive approach through greater flexibility built into the use of the formula. Based on lessons learnt and recommendations made during the joint annual reviews, RAF was kept flexible to incorporate necessary changes to meet the needs of local circumstances. As such, the RAF, which was initially meant to be a tool for horizontal allocation of funds across Dzongkhags and Gewogs, evolved to address practical requirements in the field. The first change took place in 2009/10 when a minimum floor of Nu. 1 million per Gewog was introduced. In 2010/11, it was changed to an equal share in the formula (Nu. 1 million), which meant that 28% of the resources were allocated using this criterion to ensure minimum funding level to all Gewogs. In 2011, the annual review team recommended the use of population projections as the basis instead of the static 2005 population data. The RAF formula for the 11th FYP has incorporated the use of a price and transportation index and the poverty parameter has been expanded to take into account multi-dimensional aspects of poverty. Table 8 below provides the criteria for the ACG formula adopted in the 10th Plan and the 11th Plan.

Table 8: Criteria for Annual Capital Grant Formula

Table 8: Criteria for Annual Capital Grant Formula	
<ul style="list-style-type: none"> • 10th Five Year Plan 	<ul style="list-style-type: none"> • 11th Five Year Plan
<ul style="list-style-type: none"> • Population 70% 	<ul style="list-style-type: none"> • Poverty 45%
<ul style="list-style-type: none"> • Poverty 25% 	<ul style="list-style-type: none"> • Population 35%
<ul style="list-style-type: none"> • Geographical area 5% 	<ul style="list-style-type: none"> • Geographical area 10%
	<ul style="list-style-type: none"> • Transportation costs 10%

During the field survey, stakeholders suggested that ‘climatic conditions’ and ‘forest cover’ be included as determinants of RAF. The justification for this was that not all Gewogs are endowed with favorable climatic conditions to carry out civil works, and therefore, RAF should incorporate these elements as well. Forest cover could be used as one of the variables, if environment was considered for inclusion as a criterion for RAF in the future.

Although RAF was found to be sound for allocating capital grants, there are issues of concern regarding the transparency in the budget allocation within the current system, which had also been raised in earlier reports. It was observed that while formula-based allocations are communicated to local governments, there have been substantial variances in the actual funds released to them. In some cases there has been an increase in funds received beyond the budgeted ceiling, while in a few others even the original formula-based allocations were not received. It was explained that the reason for such variances was largely due to leadership dynamics. Local leaders who are influential and have “good connections and rapport” with the higher authorities in the government, were reportedly able to acquire additional funds. Such practices reportedly create disharmony and lack of cooperation within communities in the implementation of development activities. This in turn has negative implications, including risks of compromise in the quality of the development activities being implemented.

Notwithstanding the above, the RAF is seen as a useful tool that has greatly facilitated realistic financial planning, especially at the Gewog levels. It has also catalyzed numerous capacity building trainings on planning and prioritization for local officials across all Dzongkhags. The RAF also provides local government with budget ceiling in advance enabling them to strategize and prioritize their development needs more effectively and formulate more realistic plans as compared to the past when the fund allocation mechanism was more a wish list of local governments that subsequently required tedious negotiations with the central government for approval.

3.2.3.1 (c) Timely release and utilization of funds

In terms of the effectiveness and efficiency of timely release and utilization of funds, the feedback from respondents strongly suggests that the Programme target for 90 % of local governments to receive capital budgets as scheduled has largely been met. 89 % of respondents expressed that the release and utilization of funds have improved over the last few years and that they have not faced any problems related to fund releases. In fact, this group responded that the resources provided were not sufficient to undertake all the activities under their jurisdiction, which required them to solicit for additional funds.

However, 11% of the respondents (2/18) reportedly experienced delays in the release of funds by the central government. The delay in the release of funds until the middle of the fiscal year resulted in less time to implement activities and consequently underutilized funds at the end of the fiscal year which had to be surrendered to the

central government. In some cases, underutilization of funds was reportedly due to the lack of human resources, especially engineers.

3.2.3.1 (d) Identification and Segregation of ACGF and LGSP Achievements

The identification and segregation of ACGF and LGSP achievements at the field level was not possible. This can mainly be attributed to the fact that the LGSP was aligned with the 10th FYP and its funding provided as budgetary support by the Royal Government of Bhutan. Furthermore, the existence of other parallel funds and projects like the Constitutional Development Grant (CDG) funding similar to local government activities made such segregation impractical.

Therefore, in order to assess the programme achievements of LGSP, the overall development of a locality needs to be assessed. The financial disbursement process and reporting mechanism using PLaMS was also not appropriate to capture the required segregated information or data as its integration with MYRB had not yet been completed during the evaluation period.

3.2.3.1 (e) Downward accountability for use of funds

Discussion with local government officials revealed that there is a high degree of transparency and adequate information sharing with the public on the public expenditure process, status on implementation of public works and execution of public duties and responsibilities. Mediums used for such information sharing included public meetings, signboards that displayed information to the public and Tshogpas who serve as representatives of communities. However, it was reported that the notice or information boards in the Gups' offices did not always post budgetary information, apparently because most village people are not literate. Therefore, effective and innovative ways of sharing such important information needs to be explored.

3.2.3.1 (f) Tied and Untied funds of Annual Capital Grant

With regard to the segregation of annual capital grant as 80% "tied funds" and 20% as "untied funds", most of the local government agencies were unaware of this variance. Those who were aware reported that there are no clear policies, instructions, rules or regulations on the usage of the 20% "untied funds". A few stakeholders mentioned that 20% of the "untied funds" are usually used for construction or renovation of lhakhangs, while in some others the entire "untied funds" were utilized to meet shortfalls in the budget for planned activities. Therefore, well-illustrated user friendly manuals could be developed to facilitate proper usage of the two categories of ACG funds in the next phase of the LGSP.

3.2.3.1 (g) *Transfer of unspent funds*

Local government officials informed that unspent funds from a particular financial year were required to be surrendered to the central government without the prospect of the funds being reallocated during the new fiscal year. It was suggested that unspent funds could be allowed to spillover to the local government in the following fiscal period to complete planned development activities. Some Dzongkhag officials were of the view that such a spillover of unutilized budget into the next year's budget would be allowed under the MYRB framework.

3.2.3.1 (h) *Block grant facility*

Initially, the piloting of the block grant facility was envisioned for only two Dzongkhags by UNCDF. However, at the time of implementation, it was rolled out to Gewogs in all 20 Dzongkhags. Therefore, with regard to this aspect, the Programme has far exceeded its expected achievements.

3.2.3.1 (i) *Review and analysis of rural taxes*

Technical assistance to review and analyze current sources of local and rural tax revenues with a view to improve this aspect of fiscal decentralization was not found to be effective. Existing rural taxes are still not an effective source of revenue. Annual revenues from rural taxes range from Nu. 20,000 to Nu.30,000 per annum, which are negligible and used by local governments to finance ad-hoc activities. Discussions with various Gewog officials during the evaluation revealed that the rural taxes have not been revised for many years. The prolonged status quo on low rural taxes was mainly attributed to the fact that the revision of such taxes cannot be effected independently by local governments and needs to be passed by Parliament.

On the suggestion of increasing rural taxes, some respondents felt that it would be appropriate to increase rural taxes as both the living standards of people and disposable incomes have improved as compared to the past. This was also viewed as a step towards reducing income disparities and poverty, which are strategic goals of the 10th FYP.

3.2.3.2 Strategic Output 2: Inclusive, Efficient and Accountable PEM procedures.

3.2.3.2 (a) *Public Expenditure Management System*

The thrust of Output 2 of LGSP was to establish inclusive, efficient and accountable PEM procedures for the local governments through field-testing and improving of a Public Expenditure Management System (PEMS) at the Dzongkhag and Gewog levels as well as development of toolkits, manuals and relevant support materials, including for the design and costing of infrastructure projects to be implemented.

PEMS was designed to be cost effective and integrated with MYRB and PLAMS to bring about standardization in the expenditure management system across the 20 Dzongkhags, facilitate the monitoring of the financial status of all Dzongkhags from headquarters and enable the local government officials to keep track of their activities against the allocated budget. In terms of its inclusiveness, PEMS was designed to be in line with PLAMS and MYRB to enable users to keep themselves informed about the progress of development activities. It was also designed to promote accountability as users required a password to log into the system. PEMS was also programmed to capture information of individuals who updated information into the system.

In terms of efficiency and accountability of public expenditure by local governments, this was mainly achieved through dissemination of relevant information to communities for decision-making. At the grassroots level this was accomplished through Tshogpas. Information to the public was also made available through notifications on bulletin boards in the Gewog centers. Although not everyone in the village level is literate, the evaluation revealed that people have become aware of their rights and question Gewog officials regarding the utilization of funds allocated for development.

PEMS has been operational in all Dzongkhags and has greatly enhanced efficiency in reporting. However, some drawbacks in PEMS that caused delays in reporting were reported during the evaluation. These include distortions in figures inputted due to technical glitches and malfunctions in the system. For instance, there were variances in cash balances inputted on a particular date without any changes having been made by the concerned accounts officer or the system reflected entirely wrong figures that pertained to a different district. Local government officials have reported the technical malfunctions to the concerned agency, which are expected to be resolved soon. Furthermore, the lack of good internet connectivity was identified as a major constraint in the usage of PEMS in some of the pilot districts. This constraint was more acute at the Gewog level, as a result of which most Gewog accountants are currently based in the Dzongkhags. Enhancing internet connectivity in the Dzongkhags and Gewogs will largely solve this issue.

3.2.3.2 (b) *Community Contract Protocol (CCP)*

CCP is being implemented in most of the Gewogs and local functionaries and stakeholders have reported to be highly satisfied with its outcome. They viewed CCP as a good practice because ownership by the community strengthened the accountability people had for development works. This has resulted in an improvement in the quality of development works, which was evident for example, from the relative ease that site engineers endorsed development works completed following the adoption of CCPs as compared to the past. In particular, the education sector, which had many small projects, benefited immensely from the adoption of CCP.

The use of CCP, especially for civil works, has greatly enhanced efficiency and effectiveness of development works as removal of the tedious tendering process resulted

in time and cost savings. Most significantly, the CCP was found to have minimized the risks of collusion and misuse of funds in the construction sector. The feedback received from one Gewog was that the success of CCP had prompted its use to execute civil works funded by other projects as well.

Given the overall success of CCP, local government officials reported that they have the requisite capacity and are prepared to shoulder increased financial authority and delegation in future. In this regard, local functionaries are of the view that the Nu. 1.5 million financial ceiling of CCP should be increased to Nu. 2.5 million. They have also suggested that CDB contractors be restricted from participating in the CCP so as to encourage greater participation from the local community and improve livelihood opportunities for the local people; that training on basic engineering skills be provided to the community to improve skill sets at the grassroots level; and that the Government waive off the 2% deduction from CCP to increase local participation.

3.2.3.3 Strategic Output 3: Effective national support and training mechanism for local government officials (Capacity Building).

Capacity development is one of the key components of LGSP, which is evident from the fact that 18 % of the Programme resource was allocated for its activities. The LGSP has been highly effective and efficient with regard to this strategic output, with the Department of Local Governance having delivered a significant number of training, study tours and other capacity development interventions over five years of the Programmes implementation. Although there were some initial challenges due to change in the management of LGSP from GNHC to a newly established and understaffed DLG in 2010, the young department proved to be effective and successful in implementing the Programme.

Capacity development under the LGSP had a comprehensive coverage of national and local government level officials. Steering Committee members, implementing agency officials and Dzongkhags and Thromde officials have all availed overseas trainings, including study tours to gain exposure to best practices, for effective implementation of the LGSP.

Overall the capacity building initiatives were well received and significant achievements were reported under this component. Training needs assessments were carried out based on which training programmes were identified and conducted in all Dzongkhags and Gewogs. Consultation with local government officials revealed that a wide range of capacity development trainings were conducted. These included planning & prioritization, environment, climate change, basic IT skills, office management, land management, waste management, leadership, disaster management, Dzongkha Unicode, dispute resolution, project management skills and the use of PlaMS, and PEMS.

Based on feedback received during the evaluation, trainings provided to district officials on the use of PLaMs and PEMS were found to have enhanced the work efficiency of the

local government officials and improved their outputs. Most notably, the high impact of the LGSP on capacity development was evident from the confidence that implementing officers demonstrated during the evaluation on their preparedness in the event of a second phase of LGSP.

A notable achievement of the capacity development component was the Training of Trainers (ToTs), particularly at the Gewog level. GAO's were identified as trainers and following a comprehensive TOTs programme trained various local functionaries. Through ToTs, some of the training packages were also outsourced to government and private providers such as the Royal Institute of Management and Institute of Management Studies.

The capacity of the local functionaries have been greatly enhanced due to capacity development initiatives and was evident from the ability of local functionaries to plan, implement and report on development activities on time. Most of the officials from the pilot Dzongkhags and Gewogs expressed the view that implementation capacities of local governments have substantially increased compared to the past and attributed this to the various capacity building activities carried out at the local government level.

On the applicability and utilization of the knowledge and skills gained from the trainings, most officials found the trainings to be highly relevant and useful, not only in carrying out their daily official duties but also in their personal lives. For instance, one Gewog official shared that the planning and prioritization training that he had received was of immense help in not only providing inputs for 11th FYP but also in his daily personal life. Similarly, a Gewog clerk shared that the one-week computer training course that she received had been of immense help in her day-to-day work as she was now computer literate in both Dzongkha and English.

Specific details of the overall output of trainings and capacity building activities of the LGSP are presented in Table 9 below. As illustrated in Table 9, more than 6200 local government staff (LGS) officials and elected representatives (ER) received some form of training under the LGSP over the period 2008 to 2013.

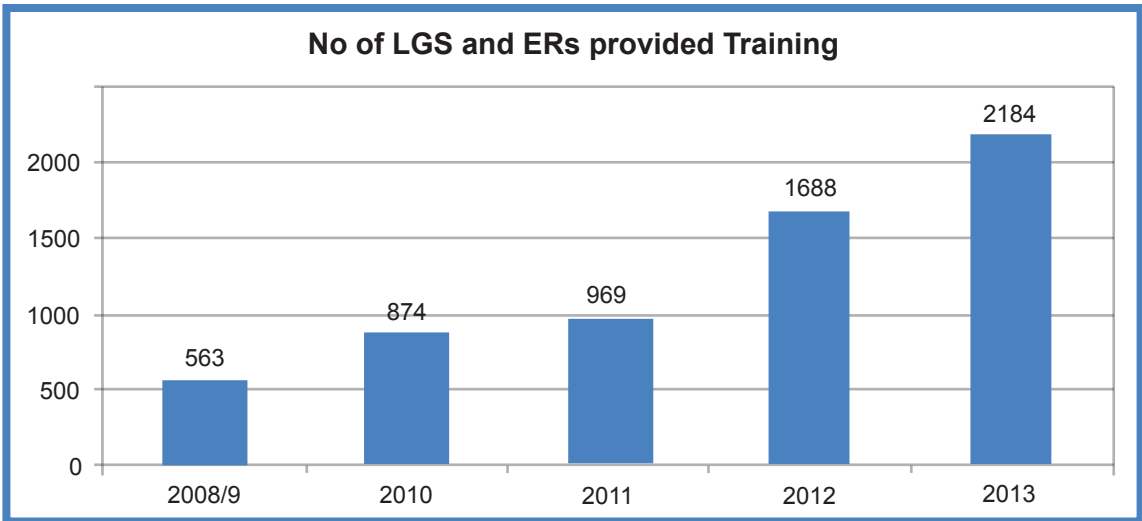
Table 9: Overall Output of Training Activities from 2008 to 2013				
Year	Subject Area	Target Group	Nos. Trained	Level of Training
2008/9	PEM and ACG	GAOs	191	Basic/ Refreshment
	ACG Guidelines	DSH; GAOs; Pos	358	Comprehensive/ ToT
	M&E, IT, Administration, Need Assessment	IT; GAOs & LDD Staff	14	Advanced/ Overseas
Total numbers of LG officials trained			563	
2010	Planning and Prioritization	Gups, Mangmis, Tshogpas and Gewog Accountants	632	Basic/ Refreshment
	Planning and Prioritization ToT	Private Trainers	20	ToT Training
	Dzongkha Unicode/ Official Correspondence	GAOs	180	Basic/ Refreshment
	Public Accounts	Accounts Officers, MoF	20	Refreshment
	Oversees training; study tours; workshops on Leadership, LG, RBM, Decentralization	Dzongdas/POs/GNHC/ DLG/ Tshodrung Officials, GAOs	46	Overseas Training / Exposure
Total numbers of LG officials trained			874	
2011	Annual Capital Grant Guidelines	GAOs, Gups, Mangmis and Tshogpas	390	Basic/ Refreshment
	Small scale infrastructure design and costing templates	Dzongkhag Engineers	20	Technical Training
	Community Contract Protocol	Gups, Mangmis, Gaydrungs, Dzongkhag Staff	58	Basic Introductory / sensitization Training
	Local development planning and prioritization; PEM	Newly elected Gups, Mangmis	380	Basic/ Refreshment
	Effective office management skills	Gaydrungs	57	Technical Training
	Survey and Design of Farm road	Dzongkhag Engineers	20	
	Peer learning study visits for Tshogpas	Tshogpas of Pemagatshel and Samdrup Jongkhar	32	Peer -learning
	[Continued till Feb 2012]	Dzongkhags		
	Oversees Study Visits on Fiscal Decentralization	Thrompons/DLG/GNHC CPO(DLG), CBO(DNB)	12	Overseas Training/ Exposure
Total numbers of LG officials trained			969	

2012	Peer learning study visits for Tshogpas [Started in 2011]	Tshogpas of Pemagatshel and Samdrup Jongkhar Dzongkhags	65	Peer –learning
	Orientation programme for the LGs			Basic/ Refreshment
	Dzongkha Unicond/ Official Correspondence	Gaydrungs	154	Technical Training
	Development Orientated Research Methods	GAOs and DLG(2)		
	ToT Programme on CCP and Templates	20 Jr. Engineers and 20 GAOs	38	
	Training on Development oriented research methodology	GAOs	13	Overseas Training
	Orientation programme for the LGs elected /staff	Gups/Tshogpas/Mangmis	1418	
	Total numbers of LG staff and Elected Representatives provided training			1688
2013	Local planning & prioritization for LGs,	Gups/Tshogpas/Mangmis	1849	National workshop
	Strategic planning & sensitization regional workshops	Planning Officers and GAOs	130	Regional Workshop
	Leadership and self assessment for Gups	Gups	203	Basic/ Refreshment
Total numbers of LG officials trained			2184	
Total numbers of LG officials trained 2008-2013			6278	

The progress made under LGSP in terms of the annual growth of training activities is illustrated in Table 10 below.

Table 10: Overall progress / growth of Training Activities

Year	No. LGS and ER Trained	Annual % Increase in training		
		Year	No	%
2008/9	563			
2010	874	2008/9 to 2010	311	55%
2011	969	2010 to 2011	95	11%
2012	1688	2011 to 2012	719	74%
2013	2184	2012 to 2013	496	29%
Total	6278			



Although there is no doubt that the capacity building activities of LGSP have been highly effective, there were certain shortcomings. Most notably, the absorption and retention level of what had been taught and learned ranged from 20% to 50% only. As such, there is a need for refresher courses to sustain the benefits of trainings and update participants with new knowledge. For few others, optimal application of knowledge and skills from the training programmes was not achieved due to reasons that included lack of support from their managers and other office colleagues; resistance to change (lack of positive attitude of their supervisors and colleagues on application of new and innovative ways of doing things); and lack of a conducive working environment. For instance, it was pointed out that providing gender-mainstreaming trainings to an officer was redundant if the majority of the people in the office strongly believed that there was no gender disparity in Bhutan and that gender mainstreaming was therefore not important.

Another shortcoming that was observed during the evaluation pertains to the general lack of awareness among recipients about the programmes or projects under which the trainings are being conducted. Apart from the fact that the government conducts the trainings, most trainees were not aware about the linkages between the trainings and the LGSP.

3.2.3.4 Strategic Output 4: Central government’s policy, regulatory, support and supervision functions strengthened for decentralization

To achieve Strategic Output 4 of the Programme, technical backstopping along with support services were provided for the development of policy, legal and regulatory frameworks for decentralization. Key milestones that were achieved during the Programme period included the adoption of the Constitution in 2008, which, under Article 22, explicitly provides for the decentralization of power and authority; the successful holding of Bhutan’s first democratic elections in 2008; the establishment

of the annual grant system and adoption of the Annual Grant Guidelines in 2008; the introduction of the performance based grants in October 2009; the revision of the Local Government Act in 2009; a nation-wide acceptance of the concept of climate change and its linkage to the performance-based allocation of grants in 2010; the introduction of community costing templates and community contracting protocol; and a clear division of responsibilities between Local Governments & the Central Government in 2012

Decentralization reforms have progressed very rapidly in Bhutan, particularly with the institutionalization of various aspects of local governments within a short period of time. Most notably, the adoption of the LG Act 2009 was a significant step towards clarification of the roles and responsibilities of different levels of government and effective empowerment of elected leaders. Additionally, the DLG was established and staffing of local governments was rapidly expanded within the period of the LGSP.

Most stakeholders consulted were of the opinion that the new policy, legal and regulatory frameworks provided local governments clarity in their mandate, roles and responsibilities. For instance, the LG Act 2009 is reported to have provided the legal basis of operations for local governments. In general, there was a positive reception to the adoption of various policies, regulations, guidelines and templates, which may largely be attributed to the follow-up trainings, including sensitization and awareness sessions, conducted by the implementing agencies for relevant stakeholders at local level.

Although a smaller group of stakeholders were of the view that the adoption of new policies, regulations and guidelines made things burdensome for them, there was a general consensus that the benefits still outweighed any drawbacks that were faced.

3.2.3.5 Strategic Output 5: Public Service and Information Delivery

Although only marginal funds were allocated for its purpose, the achievements under Strategic Output 5 of LGSP served as an effective model for integrated public service and information delivery at local levels. LGSP aimed to provide integrated service delivery through Community Centers (CCs) that had initially been established as Community Information Centers (CICs). The development of the infrastructure for CCs and installation of the necessary equipments was done mainly by the Department of Information and Technology (DIT) with support from various other donors. As such, the LGSP worked closely with the G2C Project under DIT to ensure that integrated services such as availing of security clearances and timber permits, to name a few, were made available to the general public in their own vicinity.

In all the seven districts that the Evaluation Team visited, it was found that CCs were already in place with appropriate equipment. Although, only three out of ten Gewogs were fully functional, the rest of the CCs were scheduled to start functioning by July 2013. Most of the community members interviewed expressed satisfaction with the services provided by the CCs, which they said was both a time and cost saving

intervention as they no longer had to incur time and expenses to travel to the nearest town to avail services such as photocopying or online services such as timber permits and security clearances.

However, Bhutan Post, the organization that operates the CCs, pointed out that it would have been more beneficial, if they had been granted adequate preparatory time prior to CCs being handed over to them in 2011. A thorough assessment on the needs of the communities and piloting a few CCs before the launch of 23 CCs in December 2011 would have prepared Bhutan Post to more effectively assume the responsibility of running the CCs. The three main problems and challenges encountered in running the CCs are internet connectivity; a vast list of 180 G2C Services; and need to stabilize G2C services provided by the CCs, as disruptions had adversely affected the timely delivery of services.

3.3 OUTCOMES, IMPACTS AND KEY ACHIEVEMENTS

3.3.1 Actual Outcomes and Impact Against Strategic Outputs

The actual outcomes and impact against the five Strategic Outputs of the LGSP are presented in Tables 11 to 15 below.

Table 11: ACTUAL OUTCOMES AND IMPACT UNDER STRATEGIC OUTPUT 1

- ACGF is fully in place and implementation ongoing. RAF is known to everyone. Multi Year Rolling Budget to disburse ACG has been fully understood and the financing mechanism widely accepted.
- Strengthened capacity of LGS for proper utilization of capital funds to plan and implement development projects in pursuit of poverty reduction and MDGs.
- Social capital enhanced and community participation strengthened to ensure good governance.
- Effective participation of communities, particularly women, in decision making and development activities increased.
- Grass-root level capacity for local development and planning financial management capacity at Gewog level enhanced through annual grants and integrated approach to public expenditure management.
- Through ACGF, institutional capacity of Gewogs enhanced for more responsive, realistic and predictable development planning, programming and budgeting exercises.
- Application of ACGF has facilitated development of basic infrastructure facilities such as farm roads and water supply.

Comment: It was reported that in 2011, LGSP support was only about 4.3% of total Gewog capital expenditures

Table 12: ACTUAL OUTCOMES AND IMPACT UNDER STRATEGIC OUTPUT 2

- PEMS, MYRB and PLaMs have been incorporated and all account officers trained.
- Institutional capacities of LGs have been strengthened to manage inclusive, effective and efficient public expenditure management procedures.
- Capacities of local governments for effective financial management, to plan and implement community based projects and monitor their progress strengthened.
- Effective and efficient reporting system established at the Gewog level using PLaMS and PEMS. Real reporting time reduced and online update of the financial statuses have been standardized. Time and paper use has been drastically reduced for the reporting.
- Community based capacity and confidence to undertake development works have been enhanced at the Gewog level with the adoption of the Community Contracting Protocol (CCP).
- Key outcome milestones of this process included provision of a Comprehensive Planning Manual to facilitate prioritization, selection and annual programming of activities as well as training on its use; piloting of CCP to streamline procedures relating to community contracts; use of cost templates for small infrastructure development projects; provision of comprehensive trainings on PEMs for all accountants at the Dzongkhag and Gewog levels; and use of Farm Road Design and Costing Templates.

Table 13: ACTUAL OUTCOMES AND IMPACT UNDER STRATEGIC OUTPUT 3

- Capacity Development (CD) Strategy developed and implemented. Training mechanism for local government personnel designed and implemented. More than 2000 LG staff and Elected Representatives received training.
- Planning manual for Gewogs and Dzongkhags widely used.
- Capacity of LG leaders, staff and community leaders and members for planning and managing local development activities with active community participation enhanced.
- The confidence level of the LG staff has enhanced. Gewogs have started developing and implementing their own development plans with minimal support from Dzongkhags.
- People and community participation in development planning has increased.
- Awareness and knowledge base at the local and grassroots level have been raised, and local communities are actively involved in development planning.
- Human resources capacity of local functionaries has been significantly enhanced.
- Capacity of LG agencies to plan, implement and monitor progress of development activities has significantly increased. Most of the officials from pilot Dzongkhags and Gewogs are of the view that implementation capacities of LGs have considerably increased as compared to before the LGSP.

Table 14: ACTUAL OUTCOMES AND IMPACT UNDER STRATEGIC OUTPUT 4

- New Constitution adopted in 2008 with Article 22 explicitly stating that “power and authority shall be decentralized”.
- First democratic national elections held in 2008.
- The new annual grant system established with the adoption of the Annual Grant Guidelines in 2008.
- Concept for performance based grants introduced in 2009.
- Revision of Local Government Act in 2009.
- Climate change concept and linkage to the performance-based allocation widely accepted by 2010;
- Community costing templates and community contracting introduced.
- Division of Responsibilities between Local Governments (Gewogs, Dzongkhags, Thromde “A”) & National Government (Central agencies and Sectors) 2012.
- In macro terms LGSP has had limited impact on political decentralization. However in micro terms the impact has been significant as a result of ACGF, Block grant awards and capacity building support. These have raised local awareness about development challenges and made the dialogue on local resource allocations more relevant.
- Overall the LGSP has created a positive influence on political decentralization.

Comment SO4: These outcomes achieved in the field of policy and regulatory improvements within the decentralization reform process are not the direct results of the LGSP. The LGSP provided technical assistance and supplementary support for achieving them.

Table 15: ACTUAL OUTCOMES AND IMPACT UNDER STRATEGIC OUTPUT 5

- The impact of this output facilitated achievement of the targets of the One-Stop-Shop (OSS) under the G2C Project of the Government. In all the seven Dzongkhags visited by the Evaluation Team, CCs were established and equipped. Although only three of them out of the ten were fully functional, the rest of the CCs were due to start within July 2013. It may however be noted that parallel projects have significantly contributed to achieving these outcomes.

Comment SO5: LGSP has made a very marginal investment for this purpose. However it has developed a very good coordination with the CCs which had initially started off as CIC.

3.3.2 Cross Cutting Issues and Their Outcomes

The LGSP strived to mainstream crosscutting issues like gender, environment, climate, disaster management and poverty across all its activities. Empowerment of gender was to be achieved through active gender sensitization workshops and trainings on gender mainstreaming. Although mainstreaming gender into plans was found to be challenging in the first phase of LGSP, the process has been initiated. For instance, the deliberate requirement of gender segregated data for any capacity development initiatives has prompted the encouragement of stronger women participation in meetings and trainings.

The local government elections in 2011 resulted in the election of one-woman Gup at Dagana, 12 Mangmis and about 120 Tshogpas (1069 women contested for the position of Tshogpas). The less than desired outcome for women in leadership roles is mainly attributed to the socio-cultural perspective that “women are nine births lesser than men in terms of capacity”. Major efforts are required to change this cultural mindset at all levels of society.

Conservation and management of the environment continues to be accorded a high priority in Bhutan. With a Constitutional mandate for the government to preserve 60% of land under forest cover at all times, the present forest coverage is reported to be above 70 percent. Guided by a strong policy, legislative and regulatory framework such as the Forest and Nature Conservation Rules 2006 and engaging communities on the use of Government Reserve Forests (GRF) through Community Forest Management Groups (CFMGs) has enabled the Government to maintain the forest cover intact. Field level projects, like the Sustainable Land Management Programme (SLMP) by SNV-Bhutan, Environment Climate and Poverty and Local Climate Adaptation Living (LoCALe) while focused on preserving the environment have also embedded poverty reduction efforts into their programmes.

3.3.3 Unanticipated Impact and Outcomes of the Programme

Pursuant to the ToR, this evaluation has also taken into consideration unintended outcomes and impact of LGSP. These included externalities generated by the planning and prioritization trainings provided, as the benefits to participants was not only limited to the performance of their official duties. Many participants expressed that such trainings enabled them to make better decisions in their personal lives, such as prioritization of their needs against limited resources.

Repeated trainings and raising awareness on cross-cutting issues like poverty, climate change, gender, skills development, democratization, LG elections and disaster management gradually built confidence within communities to question and demand greater accountability and transparency from LG officials on planning and budgetary matters, including making corruption complaints if certain decisions were deemed to be biased.

However, the LGSP may also have resulted in some negative externalities where in exercising their rights some people would not participate fully in the developmental processes. For instance, in the case of building and maintaining rural infrastructure such as farm roads, communities have refused to contribute “*goongda woola*”, a traditional form of non-remunerated labor contribution for development works that has now been abolished. Demand for daily wages for any type of physical labor contribution puts additional burden on the LGs for maintenance of infrastructure. Without funds for maintenance and renovations and with the gradual erosion of traditional principles of community responsibility and ownership for developmental interventions, the sustainability of community based projects and activities could be at risk.

3.3.4 Contribution of Parallel Projects in Achieving LGSP Outcomes

Several projects implemented in parallel to LGSP have made significant contributions towards the expected outcomes of the Programme. Notably, most of the parallel projects had poverty reduction at the grassroots levels as the ultimate objective, although they differed in focus areas and approach. Some of the projects implemented in parallel with the LGSP are as follows:

- LGDP funded by JICA with the similar objective and training programmes for capacity enhancement of LGs.
- The UNDP, UNEP, UNCDF, AusAID and LOD funded Joint Support Programme (JSP) - Performance based grants and mainstreaming Environment, Climate change & Poverty.
- Support to Local Governance (SLG) programme funded by Helvetas
- Good Governance Support Programme funded by Denmark
- Strengthening Capacity of Key Institutions to Support Parliamentary Democracy in Bhutan funded by several UN Agencies
- Rural Economy Advancement Programme (REAP) funded by SDS and UN.
- Rural Livelihood Programme funded by SDC
- Poverty-Environment Initiative funded by UNDP and UNEP.

Most of these parallel programmes and projects were implemented in close coordination with LGSP. Such coordinated team work among various projects and programmes has greatly contributed to the achievement of expected objectives in the field of local governance.

3.3.4 Key Achievements

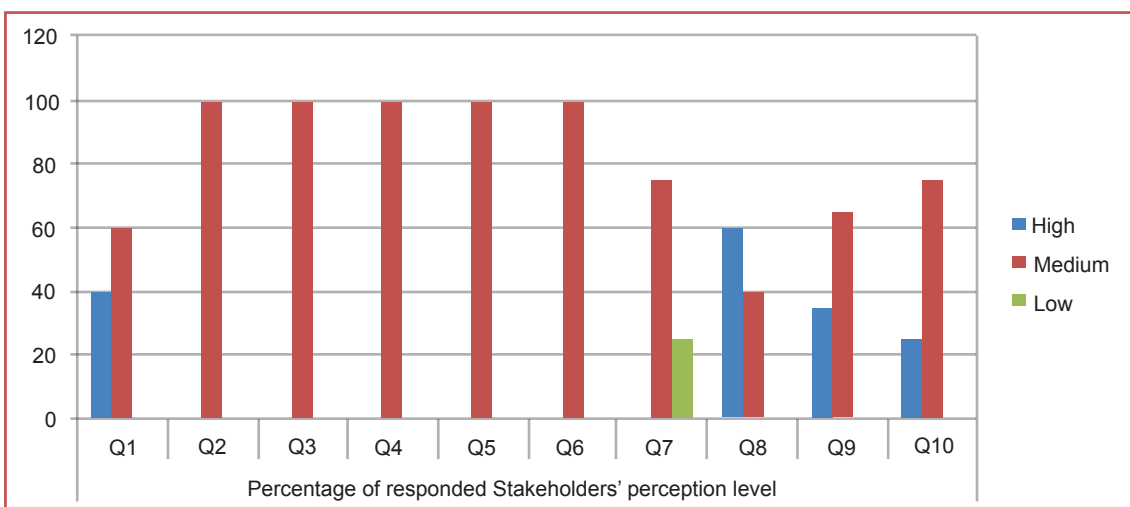
Key achievements³ of LGSP are listed below:

- Developed and implemented ACGF.
- Developed, tested and applied community contracting system and community costing templates.
- Introduced the concept of performance based grants in October 2009;
- Improved capacity of the LG leaders and community members.
- Established an effective and efficient reporting system using PLAMS and PEMS.
- Enhanced transparency in allocation of budget.
- Empowered communities and enhanced transparency and accountability of LGs.
- Imparted mass education on democracy.
- Improved level of gender sensitization and women participation in LG
- Independent planners at LG levels.
- Improved community participation in development planning.
- Policy regulations and guidelines in place.

³The achievements listed above cannot be attributed solely to LGSP interventions as many parallel projects have contributed to their process.

Table 16: Key stakeholders' perceptions on the Outcomes, Impact & Key Achievements of LGSP

Stakeholder Perception	Percentage of Responded Stakeholders' Perception Level									
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
High	40%							60%	35%	25%
Medium	60%	100%	100%	100%	100%	100%	75%	40%	65%	75%
Low							25%			
Not relevant										
Total										
Questions responded to										
Q1	Has the programme achieved its overall objectives? If yes, what level?									
Q2	Level of accomplishment of expected output 1 of the programme?									
Q3	Level of accomplishment of expected output 2 of the programme?									
Q4	Level of accomplishment of expected output 3 of the programme?									
Q5	Level of accomplishment of expected output 4 of the programme component?									
Q6	Level of accomplishment of expected output 5 of the programme?									
Q7	Have all outputs achieved acceptable levels of quality in the eyes of stakeholders including beneficiaries? If yes, what level?									
Q8	Did capacity development of local government improve the competence of the local functionaries in carrying out their functions effectively and efficiently? If yes, what level?									
Q9	Have the rural communities benefited from the Programme? If yes, what level?									
Q10	Are there any complementary and comparative advantages of LGSP initiatives? If yes, what level?									



3.4 CHALLENGES FACED, LESSONS LEARNED&BEST PRACTICES

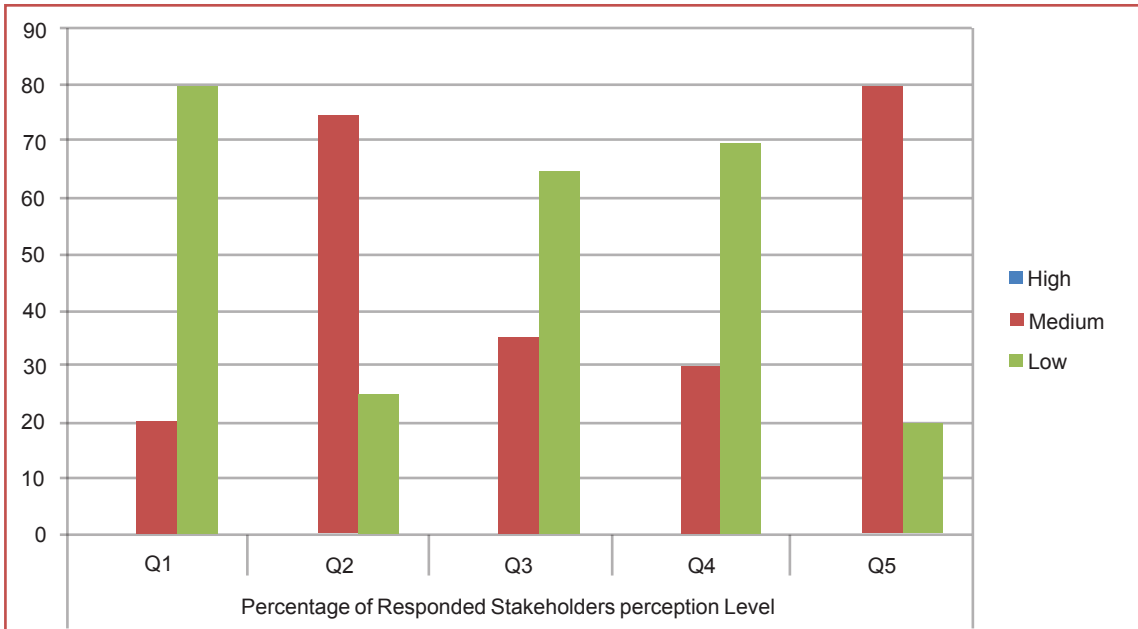
3.4.1 Challenges faced

A key challenge of the LGSP was the lack of coordination of the capacity development initiatives. With several trainings for local governments level being carried out by various agencies within last five years, most participants were not able to identify the sources of the trainings received. The lack of awareness was particularly acute at the Gewog level, where participants were of the view that all trainings were conducted by the government. It was therefore difficult to evaluate programme-specific capacity development components.

Other challenges were related to the use of PEMS and MYRB software, including technical glitches and malfunctions that distorted figures inputted into the system. Slow internet service was a major challenge in many areas, particularly in Gewogs. For instance, due to delay in internet connectivity, the sustainability of Bhutan Post managing the CCs is at risk. However, with the nation-wide installation of fiber optics connectivity through the South Asia Sub-regional Economic Corporation (SASEC) Project, this problem is expected to be resolved soon. Once internet connectivity is in place, Bhutan Post plans on providing basic computer skills training for students at nominal fee of Nu. 300 per month and online banking and insurance services to communities through the CCs.

The key stakeholders' perception on the level of challenges faced in implementing each of the five strategic outputs of the LGSP is presented in the table below.

Table 17: Key Stakeholders' Perception on the Challenges Faced					
Stakeholder Perception	Percentage of Responded Stakeholders Perception Level				
	Q1	Q2	Q3	Q4	Q5
High					
Medium	20%	75%	35%	30%	80%
Low	80%	25%	65%	70%	20%
Not relevant					
Questions responded					
Q1	Level of challenges/ bottlenecks faced in the process of accomplishment of expected output 1.				
Q2	Level of challenges/ bottlenecks faced in the process of accomplishment of expected output 2				
Q3	Level of challenges/ bottlenecks Faced in the process of accomplishment of expected output 3				
Q4	Level of challenges/ bottlenecks Faced in the process of accomplishment of expected output 4				
Q5	Level of challenges/ bottlenecks Faced in the process of accomplishment of expected output 5				



3.4.2 Lessons learned

Some of the key lessons learnt from the LGSP are summarized as follows:

- ACGF and CD Grants are two outstanding features of the LGSP. Rapid capacity building of local governments was clearly evident from the effective development reporting that followed after the Programme’s interventions. The ability of Gewogs to formulate and implement their own development plans without much support from the Dzongkhags was a significant achievement.
- Some of the local governments’ budgets were higher than the budget ceilings allocated by RAF. The reasons for this were attributed either to personal relations that some heads of LG had with relevant authorities.
- The allocation of ACGF on a ratio of 80:20 between Dzongkhags and Gewogs, which was also referred to as “tied” and “untied” grants, was not fully understood at the grassroots level, especially the Gewog officials. The returning of unutilized balance funds from ACGF was either due to delay in release of the budget or lack of capacity to fully utilize the funds.
- Unequal distribution of annual budgets over the Plan period resulted in lapses in the implementation of many activities, especially when a large portion of the budget was released in the final year of the Plan.

3.4.3 Best Practices

Several best practices and innovative products have been identified in this evaluation and are summarized below.

The ACGF and LG Grant formula proved to be highly innovative products that were introduced by the LGSP to establish a strong foundation for financial decentralization. The ACGF played a vital role in the success of the LGSP. Along with the CD Grants, the ACGF was considered to be highly beneficial by LGs as they could be used for demand and need-based local capacity building. LG Grant formula was considered to be one of the most tangible outcomes of the LGSP with a high level of effectiveness since its implementation.

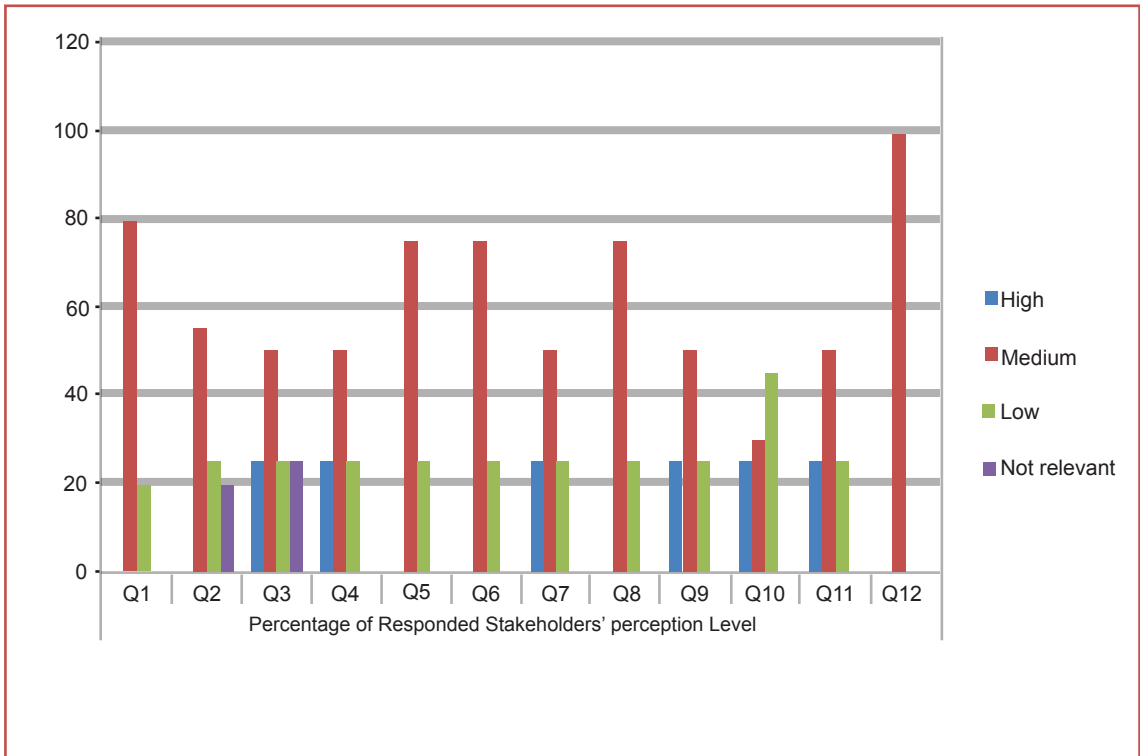
Other notable innovative products and best practices are the Community Contract Protocol and the Small Scale Infrastructure Design and Costing Templates, both of which enabled LGs to address a number of longstanding issues and challenges, such as the difficulty in timely utilization of available funds due to lack of technical capacity. Both these products were designed, tested and effectively piloted in Dzongkhags and Gewogs. They provided opportunities for the local communities to be involved in their local development planning and implementation process. The CCP was successful in formalizing traditional and informal practices on community agreements for the procurement of non-monetized labor. The Costing Templates facilitated design and costing of the most common small infrastructure projects (such as farm roads and irrigation channels) that local government implemented. The templates helped address limitations in knowledge and skills of LG officials in the planning, design, costing and implementation of infrastructure projects.

Both the CCP and the Costing Templates were designed keeping in mind the needs of local communities and their capacity challenges in terms of technical skills in planning, costing, design and procurement. The successful application of these products has resulted in significant positive outcomes at the grassroots level, including the enhancement of social capital, establishment of a strong sense of ownership for the development activities and effective links with LGs.

3.5 OWNERSHIP AND SUSTAINABILITY

The key stakeholders' perceptions on the level of ownership and sustainability covering all aspects of the project including the results of each five strategic outputs of LGSP is presented in Table 18 below.

Table 18: Key Stakeholders' Perception on the Level of Ownership and Sustainability												
Stakeholder Perception	Percentage of Responded Stakeholders' Perception Level											
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
High			25	25			25		25	25	25	
Medium	80	55	50	50	75	75	50	75	50	30	50	100
Low	20	25	25	25	25	25	25	25	25	45	25	
Not relevant		20	25									
Questions responded to												
Q1	What level of key stakeholder ownership has been established for the overall LGSP implementation process?											
Q2	To what extent the programme results will be sustainable once the Development partners phase out their support?											
Q3	What level of key stakeholder ownership has been established in the process of accomplishment of expected output 1 ?											
Q4	What level of key stakeholder ownership has been established in the process of accomplishment of expected output 2 ?											
Q5	What level of key stakeholder ownership has been established in the process of accomplishment of expected output 3 ?											
Q6	What level of key stakeholder ownership has been established in the process of accomplishment of expected output 4 ?											
Q7	What level of key stakeholder ownership has been established in the process of accomplishment of expected output 5 ?											
Q8	What level of sustainability has been established in the process of accomplishment of expected output 1 ?											
Q9	What level of sustainability has been established in the process of accomplishment of expected output 2 ?											
Q10	What level of sustainability has been established in the process of accomplishment of expected output 3 ?											
Q11	What level of sustainability has been established in the process of accomplishment of expected output 4 ?											
Q12	What level of sustainability has been established in the process of accomplishment of expected output 5?											



The Department of Local Governance (DLG) under the Ministry of Home and Cultural Affairs assumed full ownership for the overall implementation of LGSP activities. All LGSP activities have been incorporated into the annual plan of RGOB.

As such, the sustainability of the activities even beyond the LGSP does not appear to be a major issue of concern. Nevertheless, the LGSP could continue to catalyze and facilitate the Royal Government’s efforts to strengthen the decentralization process.

In many aspects, capacity building for effective decentralization was expedited through the interventions of LGSP, which has a rippling effect down the line. However, there appears to be some uncertainties in the ownership and sustainability of activities at the community level as this requires investing time from their daily field work, which is already very demanding.

Taking into consideration the pre-programme phase of the decentralization process in the country and the national development goals and objectives envisaged in Vision 2020 as well as the 10th FYP, the LGSP was both a timely and highly relevant initiative that addressed a vital sector in Bhutan's development. Overall, the LGSP was received very well and was successful in institutionalizing the fully functional ACGF, which has greatly enhanced autonomy of LGs in planning and implementing development activities.

The LGSP did not face major challenges in implementation. Its smooth functioning and implementation can be attributed to the high relevance that the Programmes activities had to LG development. The key stakeholders' perceptions survey showed that 90% of the respondents found the level of relevance of LGSP as high or medium.

In general, the efficiency in achieving expected outputs was maintained at a satisfactory level. LGSP interventions, especially those in the capacity development sector, were considered to be highly efficient. Independent planning and implementation of development activities by LGs and communities was made possible by the Programmes extensive capacity building interventions at all levels. The efficiency and effectiveness of this intervention is evident from the increased ability of LGs to utilize allocated funds as compared to previous years when substantial amounts of unutilized funds were returned to the central government. The key stakeholders' perceptions survey showed that about 95% of all stakeholders found the level of efficiency and effectiveness in implementation of the programme as high or medium. Less than 5% of respondents expressed that efficiency and effectiveness was low.

The Reporting system using PEMS resulted in time saving, transparency at all levels and better management of the budget. PEMS also resulted in greater efficiency of accounts officers as it made the reporting procedure less cumbersome. In terms of its effectiveness, LGSP played a vital role in the successful implementation of the ACGF and CD Grants for LGs.

Some of the outstanding outcomes facilitated by LGSP over the period of 2008-2013 are institutional arrangements that include the creation of DLG in 2010, LG leader's elections in 2011 and the establishment of Class A municipalities with elected mayors in 2011. Extensive capacity development has also been undertaken in this sector, which covered grassroots elected leaders, mayors and national level officials involved in the management and implementation of LGSP.

Significant progress has been made in terms of having tools for decentralization in place, like the Local Government Act, Thromde Act and Rules and Regulations for LGs. However, much more needs to be done in order to ensure that LGs have full autonomy to effectively use the tools to achieve optimum outcomes for local communities.

Although greater impacts in decentralization were achieved in those that had more donor funded activities being implemented in their Dzongkhags, however, the evaluation found that they faced a considerable burden in making time for simultaneous engagements

with several agencies. A strong coordinating agency that would regulate the calendar of events to sequence such engagements more conveniently was strongly recommended by many LG leaders.

There was a lack of awareness of the LGSP and as such efforts to name the activities specifically funded by LGSP and raise awareness about the Programme is desirable.

Several best practices and innovative products to promote financial decentralization have emerged from the LGSP. These include the Annual Capital Grant Facility and LG Grant Formula, the Community Contract Protocol and the Small Scale Infrastructure Design and Costing Templates.

Key stakeholders' perceptions on the level of accomplishment of Outcomes, Impact and Key Achievements of LGSP were obtained and more than 95% of respondents rated the level of accomplishment as high or medium. Similarly key stakeholders' perceptions on the level of ownership and sustainability covering all aspects of the project, including the results of each of the five strategic outputs of LGSP were obtained. More than 75% of respondents rated the level of ownership and sustainability as high or medium.

A summary of the overall conclusions of the evaluation is provided in Annex 3, which presents brief answers for all questions asked under the respective evaluation criteria.

With the successful completion of the first phase of LGSP, preparations for the second phase are currently in progress. On the basis of the findings of this evaluation that have been presented in earlier chapters, this chapter highlights concrete recommendations, including a forward strategy and follow up mechanism, for the next phase of LGSP.

The LGSP is part of the Royal Government's continuous effort to strengthen the decentralization process in Bhutan. The Programme has tested, introduced and implemented highly innovative products and best practices for financial decentralization, LG capacity development and service delivery.

The objectives and expected outcomes of the LGSP are ambitious and challenging, and as such it would be unrealistic to expect the Programme to fully achieve them with limited resources and within a short period of five years. However, the LGSP has laid a strong foundation for eventually achieving these expected outcomes and objectives. As such, and in view of the vital importance of strong local governments to ensure the growth of a vibrant democracy in Bhutan, an extension of the LGSP into a second phase is essential and highly recommended. The main objectives and expected outcomes of the LGSP are still valid. A change in the approach and methodology as well as strategies and outputs is however required to more effectively achieve the objectives and outcomes of the Programme.

5.1 SPECIFIC RECOMMENDATIONS

The following specific recommendations are linked to the main components of the LGSP:

5.1.1 Effective and Transparent Funding Mechanism

To ensure maximum transparency and downward accountability, Gewog offices should make budget information public by posting written notifications on the bulletin boards of at least the Gewog Offices; Basic Health Units; Community Centers; and Schools. These places should be monitored by DLG to ensure that this public information disclosure system is working effectively. Another important step that should be taken is a sensitization of the local people about the availability of funds.

Since there has been mixed response regarding the timely release of budget, it is recommended that the Ministry of Finance follow up with the Dzongkhags to validate this issue and address it accordingly.

The GNH Commission and Ministry of Finance may like to explore the possibilities of allowing unspent funds to be allocated in the subsequent years to enable completion of spillover projects, with the caveat that Dzongkhags do not spill over the budget for more than two years. The Evaluation Team is of the view that the performance based grant system proposed in the 11th Plan could address this issue.

Documentation to record discussions at Chiwog meetings on the list of prioritized activities to be put up to the GT is currently missing. As such, it is recommended that a mechanism be put in place to ensure that there is proper basic documentation of the record of discussions at the village level.

5.1.2 Fiscal Decentralization

LGSP has made tremendous contribution for the fiscal decentralization process in Bhutan by establishing an effective and transparent financing mechanism for local government service delivery through the development, testing and implementation of the ACGF. The following specific recommendations are being made to further strengthen this mechanism.

- Undertake a participatory review through a 360 degree analysis covering all stakeholder groups from top to bottom to identify strengths and weaknesses of the decentralized financing mechanism and adopt an adaptive participatory methodology to improve the system with the agreement of all stakeholders.
- Special attention should be given to widen ACGF, including in the municipal councils (Thromdes). There is also a need to develop a specific model for extrapolating the existing ACGF model into urban areas and undertaking a pilot to test it. Similarly there is a need to study the possibility of a region or area specific ACGF, such as urban, rural, remote and isolated, with a tailor made FIC system.
- Performance management system should be undertaken to assess how LGs use capital funds, and an ‘award system’ introduced for the best-performing LGs. A self-performance assessment system for LGs can also be introduced.
- Prepare and apply a set of ‘Governing Principles’ for LGs to follow and to facilitate an optimal use of the ACGF. An effective community information dissemination system needs to be developed and tested to enhance people’s participation and transparency of the financial decentralization system.
- Clear directions on the use of the “tied” and the “untied” funds needs to be provided for the optimum utilization of funds and reduce returning of unspent portions of the budget.
- Community Contracting Protocol should be up scaled and basic engineering trainings should be given to the interested and functionally literate members of the communities.
- Postings of LG officials in the Dzongkhags should be aligned with FYPs to have more accountability and ownership in implementation of LG activities.
- Relevant agencies, like MoHCA and RCSC, need to work together to harmonize postings of civil servants in Dzongkhags with the FYP period.

- Planning Officers' positions should be given more emphasis. Only those officials with at least 5 years of experience should qualify to hold this important position.

5.1.3 Capacity Building

Capacity building, which was a major component under the LGSP, was largely limited to providing training. No proper methodology or systems were in place to apply training by LG staff and elected members. Stakeholders, both at the Dzongkhag and Gewog levels, expressed that there was neither a formal system nor budgetary provisions to follow up and monitor the effectiveness of capacity development activities. The following recommendations are being made to address these issues by refining the capacity development component in the 11th FYP:

- Undertake a detailed Status Assessment of the CD component, covering the results achieved; review of LG capacity development strategy and the current capacity level of LG staff and officials.
- Conduct a comprehensive training needs assessment of all LG staff and officials and conduct refresher or follow-up training courses at regular intervals.
- Develop a schematic 'Pyramid Approach' to the capacity building exercise, by setting up of regional and subject-based (e.g Participatory Planning, Office Management, Accounting and Finance, Leadership, policy and Legislature, governance etc.) Master Trainers Groups. Provide special ToT training to master trainers who should subsequently conduct on-site training and provide regular guidance and facilitation.
- Undertake a social preparation and community mobilization training programme for development activities through initiatives based on social marketing programme, e.g water supply, livelihood development, infrastructure development, etc.
- Capacity development should be demand-driven. From the evaluation, it was observed that capacity development interventions were mostly supply driven.
- Establish a network for Mentoring and Advisory Services between the headquarters (preferably specialists), Dzongkhag officials and Gewog representatives. The advisory services should be provided at least twice a month to keep knowledge updated for effective delivery of services.
- Peer Learning and e-Training through CCs should be encouraged to foster cooperation.
- Proper gender segregated records should be maintained for any CD activity that has been implemented at the local level.
- Capacity building should go beyond trainings and study tours and create platforms

for mentoring and peer learning and encourage learning groups to share experience, skills and knowledge.

- Incorporate environmental dimensions in CD to build Climate Change Resilient Action Plans and activities.
- DLG should come up with a well-coordinated calendar of training events in order to avoid training fatigue and duplication.
- Provide more computer and basic office management courses at Gewog level.
- To ensure cost effectiveness, 90% of trainings should be conducted within the country and the remaining 10% overseas. Of the 10% budget allocated for overseas trainings, at least 60% should be allocated for local governments.
- Develop and implement Action Plans to monitor capacity building by each LG agency to carry out effective results management and impact study of the capacities built on an annual basis.

5.1.4 Central Government Support for Policies, Guidelines, and Supervision

Although legislative, policy and regulatory tools such as the LG Act, AGG, LDPM, CD Strategy, and LG Rules & Regulations are in place, coordination between the various national agencies still needs improvement. The Local Government Act 2009 clearly identifies the roles and responsibilities of the LG institutions and grants autonomy to LGs. However, in reality, it was found that many LG officials do not enjoy the autonomy granted by the Act. As such there is a need for the Government to re-assess the mandate, functions and the roles of sub-district level institutions, like *Dungkhags*, in the decentralized governance structure.

Municipalities serve as urban LGs and as such need to be included in the Annual Capital Grants. Their de-facto population may be taken into consideration for the allocation of Annual Grants.

More decentralized decision-making autonomy should be granted to LGs. Effective decentralization has yet to be fully practiced in the field as LGs have several reporting obligations to the central government and almost all the implementation of LG activities come under the close scrutiny and guidance of the central government.

Attention should be paid in setting up of an effective inter-agency mechanism representing all relevant agencies to provide guidance and assistance as well as backstopping support to LGs. At the same time, setting up of *Service & Information Delivery Working Groups* to assist implementing agencies and partners for management of services is required⁴.

⁴Various services like store houses for farmers' products for dry and non-perishable goods like handicrafts. Online business or E-Bay services can also be promoted through the CCs.

5.1.5 Integrated Service Delivery

This is one of the most important areas that need further attention to achieve the expected outcomes of the programme. Although LGSP made only a marginal investment for this purpose, through good coordination with parallel projects CCs have been successfully set up. As the CCs are still in a nascent stage of development, sustained support is necessary to ensure that they stay on track. In view of the tremendous benefits that CCs have evidently brought to local communities, it is recommended that the second phase of LGSP pay greater attention to this area. Key challenges that need to be addressed are internet connectivity issues and stabilization of G2C Services.

A set of pilot projects could be developed and tested to expand the services to enhance livelihood and income of local communities, such as through storage facilities for local goods and promotion and marketing of local products through the internet. Development and testing of an Urban Community Service & Information Center (UCSIC) – One-Stop-Shop - is also recommended.

Bhutan Post should explore innovative ideas for sustainability of CCs beyond current sources of income from user fees and sale of goods like revenue stamps, mobile vouchers. Other challenges such as cost sharing of equipment, placement of operators and power supply need to be addressed. Bhutan Post should also look into the feasibility of rendering services for commercial linkages and promoting value chain for farmers through internet. Various learning resources from the public domain could be uploaded in the CCs for LG officials. Second phase of the LGSP should look into ways of supporting planned activities of Bhutan Post to enhance services through the CCs.

5.2 KEY CHALLENGES & ISSUES AND RECOMMENDATIONS

The key challenges and issues faced in the process of achieving the expected outputs of the Programme and specific recommendations to address them are presented separately in Annex 4.

5.3 INTERREGIONAL AND INTERNATIONAL EXPERIENCE

Many countries in the South Asian region as well as the broader Asian region have initiated a number of programmes and projects to promote and strengthen good local governance. Bhutan would greatly benefit from the study of similar experiences and sharing of best practices. Annex 5 provides a summary of interregional and international experiences in good local governance covering a number of countries, such as Sri Lanka, Nepal, Philippines, Indonesia, Laos, Bangladesh, and Pakistan in the following fields:

- Community Contracting;
- Financial Decentralization;
- Local Governance Capacity Building;
- Service and Information Delivery;
- Community-Managed Poverty Reduction;

- Community Empowerment for Rural Development;
- Gender and Governance;
- Climate Resilient Action Planning In Local Government;
- Adaptive Planning and Programme Designing;
- Participatory Monitoring;
- Improving User Participation.

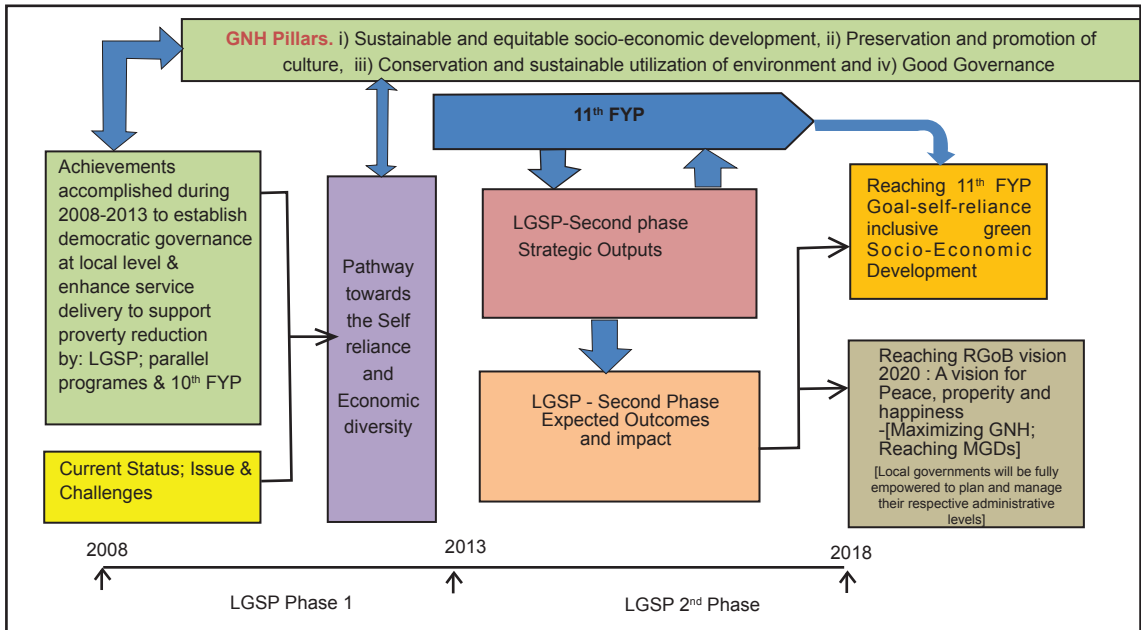
5.4 WAY FORWARD STRATEGY AND FOLLOW-UP MECHANISM

The proposed way forward strategy and follow-up mechanism for the second phase of LGSP comprises of three steps, which are namely a transition or preparatory step; a programme implementation step; and a consolidation step. The main elements of the transition phase include:

- A review and analysis of national development priorities as articulated in the 11th FYP.
- Reach stakeholders consensus on the most important components and areas that need to be prioritized for the next phase of the Programme with the objective of maximizing its contribution to achieve the goals and objectives of the 11th FYP and Vision 2020.
- Agree on the key pillars that LGSP second phase should be based upon. For instance, should the programme focus on all four pillars of GNH or a few?
- Reach a concurrence with stakeholders on which agency should manage and coordinate second phase of LGSP in order to remove bottlenecks and to ensure smooth implementation of the programme.
- Develop an effective programme management mechanism for the second phase, including Overall Programme Management, Donor Coordination, Overall Planning, M&E and Programme Implementation Unit.
- Finalize detailed programme design, including Resources & Results Framework; Logical Framework; Organizational Mechanism; M&E Framework; etc.
- Develop indicators and assumptions made during the programme formulation in the theory of change (logic model).
- Relevant agencies like MoHCA and RCSC need to work together to harmonize postings of civil servants in a Dzongkhag for at least 5 years of the FYP Period. GNHC to take the monitoring role.
- DLG to take up the monitoring role for Action Plans of Capacity Building Programmes.

The key milestone of this preparatory step would be the signed agreement between development partners and RGOB, following which the implementation of the second phase will start. It is recommended that in addition to the Joint Annual Reviews, a Mid Term Review also be conducted. The way forward strategy for the second phase of LGSP is illustrated in the figure below:

Figure 2 LGSP Second Phase - Way Forward Strategy



ANNEX 1: TERMS OF REFERENCE FOR END OF PROGRAMME EVALUATION OF THE LOCAL GOVERNANCE SUPPORT PROGRAMME

1. Background

In 2008, the Royal Government of Bhutan signed a joint framework with development partners to support the good governance goals outlined in the 10th FYP and also to support the process of decentralization in the country. The Local Governance Support Programme (LGSP) is a joint programme, involving direct support by Denmark, UNCDF, UNDP, SDC, and Austria, while JICA, EU and other development partners provide indirect support as part of their overall contribution to RGoB's good governance and local government reforms. The programme is for five years starting 1st July 2008 till June 2013 with the total budget of USD 17.58 million.

The programme aims to strengthen the local democratic governance and to improve the efficiency and effectiveness of the functions of the local governments in delivering their services. The LGSP also contributes towards achieving the 10th Five Year Plan goal of poverty reduction and the realization of the MDG's. Five strategic outputs were outlined to achieve these objectives:

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

The LGSP will specifically support the following (Outlined in the ProDoc):

- Assist in strengthening and broadening the Gewog (Block) grant mechanism and provide budget support to Gewogs in the form of capital grants. Development partner resources will not be targeted to certain Gewogs, but will instead be pooled and blended with RGoB resources.
- Further improve overall public expenditure and financial management procedures (e.g. planning, programming, budgeting, procurement, implementation, reporting, asset management, and monitoring and evaluation).
- Further improve overall capacity development and training for local governments.
- Continue to build capacity in accountability and transparency.
- Develop and pilot a block grant facility in at least 2 districts.
- Help to enhance policy support for local government
- Develop effective models for integrated public service and information delivery at local levels.

The two major components of the LGSP are the Gewog Annual Capital Grant Facility and capacity development of the local governments. From the total Budget support for the LGSP, 11 percent of the total capital investment funding has been invested in the Gewog annual capital grant facility. In order to make the Capital Grant facility sustainable, appropriate capacity development of the local governments to effectively and efficiently use the Annual capital grants are also build. The remaining funds have been utilized in implementing other activities highlighted in LGSP (ProDoc).

In addition, to ensure the relevance of the programme, a joint LGSP Outcome Board/ Steering Committee has been established with members from the RGoB, local governments and development partners to oversee the implementation of the programme. Joint Annual Review meetings are held to assess the progress made by the programme and also to evaluate the effectiveness and efficiency of the programme components. The joint outcome evaluation of the Good Governance Support Programme (GGSP) was agreed with the signing of the Memorandum of Understanding in support of the partnership for Good Governance in Bhutan. The parties to the MoU have consented that to avoid bilateral reviews for individual development partners, a joint outcome evaluation of the programme will be conducted in 2012. However, due to time, resources and capacity constraints, the second component of the GGSP(i.e LGSP) will be conducted.

2. Evaluation purpose

The Department of Local Governance is in the process of developing the second phase of the LGSP which will tentatively come into effect from July 2013. The end of the programme evaluation is intended to identify the programme achievement in terms of its stated objectives and outputs, and also provide the government and the development partners with a roadmap to align its future support to local governments in a more efficient and effective manner through lessons learned and recommendations and for any other national programmes.

The Research and Evaluation Division (RED) under the GNH Commission will be the lead agency responsible for the overall coordination and management of the evaluation activities such as drafting the evaluation proposal, terms of reference, allocating roles and responsibilities of the evaluation management and evaluation team. Evaluation reference groups will be formed comprising of members from different agencies (stakeholders) with relevant technical expertise in the field of evaluation and more.

3. Evaluation objectives and questions

The evaluation will not only assess the programme achievement but it will also document the way in which the programme has contributed towards achieving the results and identify lessons learned and make practical recommendations, which will serve as an input for the government in drafting its local plans in the upcoming 11th Five Year Plan and also for the development partners in making strategic decisions on the alignment of their resources for local governments. The evaluation will focus on the following:

- Review and assess the extent to which the programme has achieved its objectives, outcomes, outputs and if possible impact
- Review the results framework and suggest missing or/and alternative indicators that may improve measuring ‘effectiveness’ of capacity development support.
- Identify the key challenges faced during the implementation phase, lessons learned and make practical recommendations
- Extract the lessons learned and best practices that can be considered in the planning and design of future support activities for the government and recommendations for future directions and areas of focus for future local governance programmes.
- Identify the different modalities used by development partners in funding the programme and suggest effective measures to improve aid harmonization in the future support to local governments.
- Identify the different parallel project support provided to local governments in local development and suggest measures on how to integrate and mainstream these programmes at national level (coordination) and implementation to maximize benefits and avoid duplication.

In particular, this evaluation will try and address some of the following questions:

- What kind of intended and unintended changes has the programme achieved over its implementation period?
- Did capacity development of local government improve the competence of the local functionaries in carrying out their functions effectively and efficiently? Is there any better way to monitor and capture effectiveness of training?
- Are there any other factors that contributed/influenced the programme in achieving its outputs and outcomes?
- What kinds of capacities have been built and how have they contributed to meeting the poverty reduction goal?
- Has the resource allocated for the programme components been used for their intended purposes? And has the funding modalities been cost effective and effective in delivering the services in a timely manner?
- Has the cross cutting issues such as gender, environment been incorporated in the programme and how has the programme addressed these issues?
- To what extent the programme results will be sustainable in the long term once the Development partners phase out their support?

4. Evaluation methodology

The evaluation will be guided by the Royal Government of Bhutan’s Evaluation Protocol and guidelines if endorsed by the government (by the time of the evaluation), if not it will be guided by the OECD/DAC standard guidelines of relevance, efficiency, effectiveness, sustainability and impact. Since the second phase of LGSP is in progress, and one of the objectives of the evaluation is to feed in the recommendations to guide the second phase, therefore the need to conduct this evaluation at the earliest possible is critical.

The evaluation will adopt a mix approach of both qualitative and quantitative methods

such as key informant interviews, focus group discussions and documentation reviews. Nonetheless considering time constraint, the final decision for the most appropriate approach and methodology will be made by the evaluation team in consultation with the evaluation management team.

5. Work Plan

Activity	Weeks							
	1	2	3	4	5	6	7	8
Team Mobilization								
Document Review	█	█						
Stakeholder consultation	█	█						
Preparation and submit Inception report		█	█					
Field Evaluation			█	█	█			
Prepare and submit first draft evaluation report				█	█			
Prepare and conduct workshop						█		
Sharing of first draft with stakeholders and receive comments						█	█	
Final Draft Evaluation report incorporating comments and brief summary							█	█
Final Evaluation report								█

6. Professional Team Composition

6.1 Required experience and qualification (for consultants)

The evaluation will be carried out through a contract with a consulting firm and the evaluation team will comprise of professionals both international and Bhutanese. The evaluation team must possess extensive experience in evaluation of local governance programmes in South Asia, preferably from Bhutan. The team leader for the evaluation will be the international consultant. More specifically, the evaluation team should have the following competencies:

6.2 Qualifications of the Team Leader:

General experience:

- Relevant higher academic degree
- Prior experience as a team leader (at least three references)
- At least 10 years of professional experience in outcome and impact evaluation, including experience in Asia and preferably from Bhutan

Specific experience:

- Extensive expertise in evaluation related to local government programmes and projects as well as in results based management
- Extensive professional experience in qualitative and quantitative research methodologies and data analysis
- Excellent written and verbal communication skills (in English)

Task of the International Consultant

In Particular the task of the International consultant is as follows:

- Being the team leader, the international consultant is responsible for the output and deliverables mentioned in the ToR

6.3 Qualifications of the national consultant:*General Experience:*

- Relevant higher academic degree
- At least 5 years of professional experience in outcome and impact evaluation
- Excellent verbal communication skills (in Dzongkha)

Specific Experience:

- Have good knowledge of the governance system and issues at the local level and should also have experience in evaluations related to local governance and decentralization in Bhutan
- Substantial experience within the professional tasks assigned (at least three references)
- Proven experience of participating in similar kind of consultancy team work, including planning, carrying out field missions and data collection.

7. Expected outputs

The following outputs are expected from the evaluation team in coordination with the evaluation management:

- Evaluation Inception report should be prepared by the evaluation team before moving into the main evaluation exercise. The inception report should detail out the evaluators understanding of what is being evaluated and why, showing how each of the evaluation questions will be answered by way of proposed methods, sources of data and data collection procedures. The inception report should also highlight a proposed schedule of task, activities, deliverables, designating a team member with lead responsibility for each task. This report will provide the Research and Evaluation division along with the stakeholders and the evaluators with an opportunity to ensure that they share the same understanding of the assignment and clarify any misunderstanding at the very beginning. Please see sample evaluation matrix below.

- First draft of the evaluation report in conformity with the evaluation report structure outlined in the Draft Evaluation Protocol and Guidelines, 2012
- Final draft evaluation report and brief summary to be presented to the GNH Commission members by the evaluation team and management
- Final evaluation report, brief summary and workshop

8. Budget and logistical support

The end of programme evaluation for LGSP will be funded by Representative Office of Denmark in Bhutan and the logistics support will be done by Research and Evaluation Division along with the members of the evaluation management.

The total budget for the consultancy services is a maximum of DKK 300,000. This includes all fees and reimbursable required for implementation of the contract and it also includes a fixed amount of DKK 50,000 for stakeholder workshops.

ANNEX 2: LIST OF DOCUMENTS REVIEWED

- Local Governance Support Programme (LGSP) Document
- Joint Annual Review of the Local Governance Support Programme (LGSP) - 2010
- Joint Annual Review of the Local Governance Support Programme (LGSP) - 2011
- Joint Annual Review of the Local Governance Support Programme (LGSP) - 2012
- Final Note- Joint Annual Review of the Local Governance Support Programme
- 10 Project Steering Committee Meeting Minutes, LGSP
- 11 Working Group Minutes
- AWP 2008-2010(1 AWP was used for 2 financial year)
- AWP 2010-12
- BHUTAN: Country Strategy Paper (2007-2013)
- ADC BHUTAN: Country Strategy (2010-2013)
- Draft Report of Implementing Community Centers and One-Stop Shop in Bhutan
- Project Document, Support for Local Governance (SLG) Phase II
- Annual Grant Guidelines For Local Governments (Dzongkhags and Gewogs)
- Annual Grant Guidelines-Final Printing1
- LD Planning Manual (1st Dec 2010)
- Alf Report Part 1
- Population and Development Situation Analysis, Bhutan 2010
- Launch Of UN Women- NCWC study Women in Politics: Status Of Womens Political Participation In Bhutan
- Keeping Promises: A Report on the Status of Implementation of The Brussels Programme Of Action in Bhutan For The Decade (2001-2010)
- National Budget Report & Budget & Budget & Appropriation Bills, Financial Year (2008-2009)
- Perspective On Service Delivery through Community Centers
- Division of Responsibilities between Local Governments (Gewogs , Dzongkhags, Thromde 'A') & National Governments (central agencies/sectors)
- Joint Annual Review of the Local Governance Support Programme (LGSP) &Decentralization Outcome Evaluation
- FAQ's on GNH
- Guidelines For Preparation of 11th Five Year Plan (2013-2018)
- Annual Dzongkhag Statistics 2010, NSB
- SARRC Development Goals, Mid-term Review Report 2011
- Tenth Five Year Plan 2008-2013, Vol I: Main Document
- Tenth Five Year Plan 2008-2013, Vol II: Programme Profile
- Project Information Document (PID), Concept Stage
- Small Area Estimation of Poverty in Rural Bhutan (NSB And WB)
- Rural Economy Advancement Programme (REAP) 2009
- Good Governance Support Programme 2008-2013
- Joint Support Programme: Capacity Development for Mainstreaming Environment, Climate Change and Poverty Concerns in Policies, Plans and Programmes
- Support For Strengthening of Parliamentary Democracy in Bhutan, Annual Work Plan (Jan. 2012-June 2013)

ANNEX 3: KEY QUESTIONS (Q) AND SUMMARY FINDINGS (SF)

A) RELEVANCE	
QA1	How relevant is the overall objective and the five strategic outputs and outcomes to be achieved by the LGSP to the national and local government context of Bhutan?
SFA1	<p>The key stakeholders' perceptions on the level of relevance of the each five strategic outputs of the LGSP were obtained. 90 percent of them found the program design to be of high or medium relevance to their work.</p> <p>LGSP was found timely and highly relevant to support the national and local government initiatives, especially in supporting the overall goal of the 10th FYP. Under the program, ACGF has not only been successfully instituted and implemented in all 20 Dzongkhags and 205 Gewogs but also enabled LGs to exercise autonomy in planning and implementing their activities. The Resource Allocation Formula and the release of funds based on it was appreciated by the field implementers.</p> <p>Given the context of LG arrangements that was already in place, the implementation of LGSP did not face major hurdles, especially in mainstreaming its activities. The smooth functioning and implementation of LGSP can be attributed to its relevance to Local Government developments. Services delivery has improved drastically in terms of its accessibility to communities at the grassroots. The communities shared positive feedback about the services being accessible through CCs. The main benefits as a result of this effort was savings in time and money. 5 of the 11 CCs visited by the Evaluation Team were fully functional with internet and other equipment in place. The remaining CCs were on the verge of being functional.</p>
QA2	How relevant is the results framework of the program?
SFA2	As per the key stakeholders' perceptions, 90% of the stakeholders ranked the level of relevance of the results framework of the program as high or medium.
QA3	Have crosscutting issues such as gender and environment been incorporated in the Programme?
SFA3	Cross-cutting issues like gender and environment were found to have been incorporated in the Programme. The objective of the Programme for gender empowerment was to increase the participation of women in the decision making areas, which is clearly mentioned in the Programme document. Environment was incorporated by including it as one of the factors in the formula initially. Subsequently, environment was taken up as a Local initiative under the ECP programme.
B) EFFECTIVENESS & EFFICIENCY	
QB1	What is the level of efficiency and effectiveness of LGSP implementation process?

SFB1	Detailed assessment of efficiency and effectiveness of LGSP interventions was conducted using different aspects of the program covering: (a) Reality of Timeframe; (b) Decentralization Reform Program; (c) Fiscal Decentralization; and Establishment of Effective and Transparent Financing Mechanism for LG Service Delivery. In general, efficiency and effectiveness in achieving expected outputs had been maintained at a high level. The key stakeholders' perceptions on the level of efficiency and effectiveness of the each five strategic outputs of the LGSP as well as the level of efficiency and effectiveness of funding modalities, M&E system, and addressing cross cutting themes were obtained. About 95% of all stakeholders agreed that the level of efficiency and effectiveness in the implementation of all these aspects of the program was high or medium. Less than 5% expressed that efficiency and effectiveness was low.																										
QB2	How effective is the M&E system of the program to measure effectiveness of the Programme implementation?																										
SFB2	Except for the Annual Joint Reviews carried out every year, there was no deliberate M&E system in place to monitor and evaluate the effectiveness of the program. PLAMS was used as an integrated software to report the activities of the LGSP by the planning officers from the Dzongkhags. Other than this planning and monitoring system within the LGSP, there was no separate M&E tools designed to measure the effectiveness of the Programme implementation.																										
C) OUTCOMES, IMPACT & KEY ACHIEVEMENTS																											
QC1	Has the program achieved its overall objective?																										
	<p>The LGSP was aligned with 10th FYP goal of poverty reduction and the realization of the MDGs. According to PAR 2012, poverty rate has decreased from 23.2% in 2007 to 12% in 2012. Likewise, going through the figures on poverty rate, it shows that poverty rate has gown down in all the sample Dzongkhags that the evaluation team visited during the field evaluation as reflected in the table below:</p> <table border="1" data-bbox="321 1230 1174 1630"> <thead> <tr> <th data-bbox="321 1230 609 1303" rowspan="2">Sample Dzongkhags</th> <th colspan="2" data-bbox="609 1230 1174 1303">Poverty Rates by Dzongkhags</th> </tr> <tr> <th data-bbox="609 1303 900 1343">PAR 2007</th> <th data-bbox="900 1303 1174 1343">PAR 2012</th> </tr> </thead> <tbody> <tr> <td data-bbox="321 1343 609 1383">Wangdue</td> <td data-bbox="609 1343 900 1383">15.8</td> <td data-bbox="900 1343 1174 1383">10.9</td> </tr> <tr> <td data-bbox="321 1383 609 1423">Trongsa</td> <td data-bbox="609 1383 900 1423">22.2</td> <td data-bbox="900 1383 1174 1423">14.9</td> </tr> <tr> <td data-bbox="321 1423 609 1463">Zhemgang</td> <td data-bbox="609 1423 900 1463">52.9</td> <td data-bbox="900 1423 1174 1463">26.3</td> </tr> <tr> <td data-bbox="321 1463 609 1503">Mongar</td> <td data-bbox="609 1463 900 1503">44.4</td> <td data-bbox="900 1463 1174 1503">10.5</td> </tr> <tr> <td data-bbox="321 1503 609 1543">Trashigang</td> <td data-bbox="609 1503 900 1543">29.3</td> <td data-bbox="900 1503 1174 1543">11.5</td> </tr> <tr> <td data-bbox="321 1543 609 1583">Sarpang</td> <td data-bbox="609 1543 900 1583">19.4</td> <td data-bbox="900 1543 1174 1583">4.2</td> </tr> <tr> <td data-bbox="321 1583 609 1623">Thimphu</td> <td data-bbox="609 1583 900 1623">2.4</td> <td data-bbox="900 1583 1174 1623">0.5</td> </tr> </tbody> </table>	Sample Dzongkhags	Poverty Rates by Dzongkhags		PAR 2007	PAR 2012	Wangdue	15.8	10.9	Trongsa	22.2	14.9	Zhemgang	52.9	26.3	Mongar	44.4	10.5	Trashigang	29.3	11.5	Sarpang	19.4	4.2	Thimphu	2.4	0.5
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	Discussions with local government officials and people in the communities further confirmed that a number of activities were implemented under the Programme and also by parallel projects to support the poverty reduction efforts. Some of the key development activities undertaken to reduce poverty were building farm roads, bridges, irrigation channels and initiatives such as formation of Community Forest Management Groups and other informal groups related to livestock products, agriculture, poultry and dairy products. Evidently these concerted efforts has positively improved the livelihood of people in the communities. The reduction of poverty rate can be directly correlated to the community development objectives achieved by LGSP in the 10th FYP.
QC2	Have all stated strategic outputs been satisfactorily achieved?
SFC2	All the stated strategic outputs under the Programme have been successfully achieved. Under output 5 (Integrated public service), some co-ordination challenges were faced between stakeholders like the DITT, G2C, Bhutan Post and DLG until the last fiscal year 2012-2013. However, CCs were in place by the end of the LGSP period and Bhutan Post has taken up the management of these CCs albeit with challenges in internet connectivity.
QC3	What kind of intended and unintended changes has the programme achieved over its implementation period?
SFC3	Some of the LG functionaries informed that the training had not only benefited them in their official work but also in their personal life. Repeated trainings and raising awareness on cross-cutting issues like poverty, climate change, gender, skills development, democratization, LG elections and disaster management gradually built the confidence levels of communities to question LG officials on decisions and budget allocations made. Some communities have started making corruption complaints if certain decisions were found to be biased. Community based capacity and confidence levels were also seen to be on the rise as the Community Contracting Protocol was a success story in all the Gewogs. Full knowledge of community people's rights also had some negative implications on traditional forms of peoples participation in the developmental processes. One such example was in the case of building rural infrastructure farm roads and maintaining and renovating them. Gewog officials efforts to solicit people's contribution for such work were met with refusals. With the traditional form of "goongda woola" or unremunerated labor contribution having been abolished, people demanded daily wages for labor contributed. Such demands has resulted in additional financial burden on the LGs as Gewogs do not have funds for maintenance and renovations, and a loss of sense in "ownership" of any developmental intervention, which impacts the sustainability of community based projects and activities.
QC4	Have all outputs been achieved to acceptable levels of quality by the stakeholders, including the beneficiaries?
SFC4	Stakeholders are satisfied with outputs 1-4. However, on Output 5, there is still a big room for improvement.

QC5	Did capacity development of local government improve the competence of the local functionaries in carrying out their functions effectively and efficiently?
SFC5	Improvement of capacity of the local government functionaries was clearly evident from the increasing ability to utilize the ACGF well and successive reductions in unutilized budget. This can be attributed to the positive outcome of trainings such as Planning and Prioritization and Leadership and Office Management Skills. The overall smooth implementation of LGSP is also a testimony of the high level of competency of the LG officials in carrying out the activities.
QC6	How are the rural communities benefiting from the Project?
SFC6	The rural communities have become aware of their democratic rights over the past five years as a result of the active sensitization of people's rights through the LGSP activities. The accountability and transparency mechanisms in place have resulted in LG officials being answerable to the communities, which has empowered them to implement the CCPs independently with minimum guidance and monitoring from the LG officials.
QC7	What kinds of capacities have been built and how have they contributed to meeting the poverty reduction goal?
SFC7	Some of the LGSP trainings that helped in reducing poverty rate include: <ul style="list-style-type: none"> • Planning and Prioritization • Office Management and Book Keeping • Study tours to bee-keeping areas and agriculture market chain analysis to promote agriculture productions • Poultry and Livestock raising trainings provided by the RNR- sectors • Agriculture input trainings by the DAMC • 6. Managing Community Forests
QC8	<ul style="list-style-type: none"> • Are there any other factors that contributed/influenced the Programme in achieving its output sand outcomes?
SFC8	Parallel projects from agencies like JICA for LGDP, SNV in DRAP, EU and Helvetas in the SLG programs and the SDP of the GoI have all contributed in achieving the outputs of LGSP. JSP with its ECP program and UNCDF with gender mainstreaming objectives addressed some of the cross-cutting issues in the LGSP. ADB and World Bank have also been actively contributing to poverty reduction efforts of the 10th FYP.
QC9	Are there any complementary and comparative advantages of LGSP initiatives?
SFC9	Complementary and comparative advantages of LGSP include its contribution to achieving the 10th FYP objectives of poverty reduction and community development through the effective implementation of ACGF and CD Grants. The five outputs of LGSP were inclusive and had cross-cutting issues that touched on all aspects of development, which acted as a catalyst for achieving the 10th FYP Goals.

D) CHALLENGES FACED, LESSONS LEARNED & PROMISING PRACTICES	
QD1	Whether challenges identified in the program preparation stage have effectively been addressed?
SFD1	<p>Given that the program was a multi-donor initiative, donor coordination and harmonization was identified as one of the major challenges in the program preparation stage. However, despite variations in reporting requirements and fund releases, donor coordination was amicably achieved in the first two years.</p> <p>Another key challenge was the roll-out of the program throughout the nation. DSP acted as the preparatory ground for LGSP to achieve effective decentralization of fiscal powers for annual capital grants and democratization of LGs with the first and successful LG elections in 2011.</p>
QD2	What are the key challenges faced during the implementation phase of the Annual Capital Grant Facility and block grant facility?
SFD2	<p>Adequate capacity was seen as the initial challenge in implementing the ACGF and the block grant facility. However, with rapid skills development and capacity building at the LG levels, ACGF was effectively implemented. The absorptive capacity was enhanced over the years and activities were effectively implemented in the Chiwogs.</p> <p>Other challenges such as internet connectivity to use PEMS and inadequate Gewog accountants and engineers to carry out the activities were all addressed through innovative ideas like the CCPs, particularly in remote areas where contractors and engineers were virtually unavailable.</p>
QD3	What are promising practices that can be replicated In the next phase of the program?
SFD3	<p>The Annual Capital Grant Facility and LG Grant formula innovative products for establishing a solid foundation for financial decentralization. This mechanism was successfully developed, tested and implemented across the 205 Gewogs. The ACGF has played a vital role in meeting the objectives of the program. The CD Grants along with the ACGF was further seen to be beneficial by the LGs as they could use it for demand & need-based local capacity building. LG Grant formula, which was one of the most tangible outcomes, has been very effective.</p> <p>Other innovative products and best practices are the Community Contract Protocol and the Small Scale Infrastructure Design and Costing Templates, which were designed, tested and effectively implemented at the district and block level. These products enabled local communities to be involved in their local development planning and implementation. The CCP has been successful in formalizing traditional and informal community agreements for procurement of labor in a non-monetized manner. The costing templates consist of the design and costing of the most common small infrastructure that local governments implement (such as farm roads, irrigation channels) so that they can address limitations in skill and knowledge in the planning, design, costing and implementation of the small infrastructure projects.</p>

E) OWNERSHIP AND SUSTAINABILITY	
QE1	<p>What level of key stakeholder ownership was established for the development and implementation of the Gewog Annual Capital Grant Facility and block grant facility?</p> <p>What would be the level of sustainability of the Gewog Annual Capital Grant Facility and block grant facility process and to what extent would these systems be sustainable in the long term once the Development partners phase out their support?</p>
SFE1	<p>Key stakeholders' perceptions on the level of ownership and sustainability covering all aspects of the project including the results of each five strategic outputs of the LGSP were obtained and more than 75% ranked the level of ownership and sustainability of LGSP as either high or medium. About 25% stakeholders ranked sustainability of outcomes as low.</p> <p>The overall implementation of LGSP activities was under the full ownership of DLG, MoHCA. All the activities have also been incorporated into the annual activities of RGOB. As such, sustainability of the systems beyond the LGSP is not seen to be an issue.</p>
F) KEY QUESTIONS AS PER TOR	
QF1	What kind of intended and unintended changes has the Programme achieved over its implementation period?
SFF1	Refer to SFC3
QE2	Did capacity development to local government improve the competence of the local functionaries in carrying out their functions effectively and efficiently?
SFE2	<p>Capacity building initiatives were well received and significant achievements have been reported under this component. Training needs assessment was conducted under the CD Strategy. Several trainings programs were identified and carried out across all Dzongkhags and Gewogs.</p> <p>Some of the main trainings received by LG functionaries were in the field of planning & prioritization, environment, climate change, basic IT skills, office management, waste management, leadership, disaster management, project management skills, use of PlaMS, and PEMs. Of all the trainings conducted under the LGSP, the module on planning and prioritization was carried out across all the pilot Dzongkhags and Gewogs.</p> <p>Due to the CD initiatives, the human resources capacity of the local functionaries have reportedly been greatly enhanced. This is evident from the ability of local functionaries to plan, implement and report development activities at the local government level in a timely manner.</p>
QE3	Is there any better way to monitor and capture effectiveness of training?
SFE3	To monitor and capture effectiveness of trainings, specific action plans from the trainees can be made mandatory once they return. Some mentors/senior officials at headquarters or Dzongkhags can monitor the implementation of the action plans to ensure an optimum output from the trainings availed.
QE4	Have the crosscutting issues such as gender and environment been incorporated in the Programme and how has the Programme addressed these issues?

SFE4	<p>GENDER: One of the outputs of LGSP is to increase female participation in local government, with a target of 10% of the GT and DT elected women members by 2013. This target has not been met. Although the participants profile at the gewog level for either public meetings, training programs or electoral voting has been predominantly female across the country, when it comes to electing a public representative, male candidates seems to be preferred to females. Such a situation appears to be mainly influenced by deep rooted social and cultural perceptions that men are more capable compared to women. Under such circumstances, few women compete for public office, although both men and women enjoy equal legal rights.</p> <p>ENVIRONMENT: Environment related awareness, sensitization, and trainings are frequently conducted. These have enabled people to understand issues better and consequently helped local officials to effectively implement environment related activities. Further, due to enhanced awareness, there has reportedly been more integration of environment issues into local plans. Community management of activities have picked up in several areas, including the management of community forestry, water catchments, farm roads and irrigation channels.</p>
QE5	To what extent the Programme results will be sustainable in the long term once development partners phase out their support?
SFE5	Refer to SFE1

ANNEX 4: KEY CHALLENGES/ ISSUES AND RECOMMENDATIONS

Key Challenges & Issues	Recommendations
Gewog Annual Grant Facility	
Formula for grants does not capture all relevant aspects.	Area specific planning to be encouraged. Transportation costs to be factored in the formula.
Delay in grant releases.	Timely releases to be made at the beginning of the fiscal year.
Not meeting the annual ceilings while releasing grants.	Try to release the dedicated ceilings every year in order to avoid spill over of the activities.
Capacity Building and Training	
Mostly concentrated with the National Level officials.	60:40 sharing of capacity development opportunities between the LGs and the national level governments.
Ex-Country Trainings to irrelevant destinations.	Regional and similar areas to be chosen for ex-country trainings. 90% of the trainings to be in regional countries or domestic. 10 percent only to be kept for other countries.
No proper mechanism to monitor.	Call for Action Plans to monitor the implementation of the knowledge acquired from trainings.
Service & Information Delivery	
Structures (CCs) in place but no internet connectivity so far in most of them.	DITT to look into providing internet connectivity at the earliest.
Coordination challenge between the concerned agencies.	LGSP second phase to make extra effort to bring about effective coordination between the agencies like DITT, Bhutan Post, G2C and the Gewog offices .
Communities mostly need assistance in using the services. If the lone operator goes out for short trainings, the CCs stay close depriving the services to communities.	Place more than one operator in populous areas to cater to more demand of services.
Bhutan Post not prepared to function fully.	DITT should provide the internet as soon as possible for good returns for Bhutan Post, otherwise, it poses a risk to sustainability of the management. More incentives to Bhutan Post to manage CCs better.

Donor Coordination / Aid Harmonization	
Varied Fiscal Calendars resulting in delays in release of funds.	Harmonize the releases based on requests from RGOB.
Women's Participation	
Very few women in decision making positions in the LGs/national levels.	Put in place deliberate efforts to encourage women's participation in decision making positions.
Socio-cultural barriers in promoting women's participation.	Enhance efforts to sensitize both genders and society as a whole on the importance of women participation in leadership roles.

ANNEX 5: INTERREGIONAL AND INTERNATIONAL EXPERIENCE IN GOOD LOCAL GOVERNANCE

1. COMMUNITY CONTRACTING

Sri Lanka Experience: Over the past two and half decades or so, community contracts have become a popular way of facilitating community participation in infrastructure provision. They were introduced by the National Housing Development Authority (NHDA) of Sri Lanka in 1987, after the failure of the conventional competitive tender-contract system for the provision of infrastructure and services to the underserved settlements. A community contract is a procurement system that involves residents in the planning and deployment of infrastructure in their own living environment. The format provides for a variety of issues such as form of contract, legal status, sharing costs, responsibilities, risks, penalties for non-fulfillment and performance monitoring.

Outside Sri Lanka, this approach has been duplicated in Asia and the Pacific including in Cambodia, Mongolia and Timor-Leste. The International Labor Organization (ILO) has introduced the format in Africa (Tanzania).

For more details please refer to:

- THE STATE OF ASIAN CITIES 2010/11, by ESCAP & UN HABITAT – (See Chapter 4, Box 4.10 – Community Contracts: Good Practice from Sri Lanka)

[<http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/Best%20practice/Contracts%20System.pdf>]

- COMMUNITY CONTRACTS, By United Nations Human Settlement Program (UN HABITAT)

[http://www.unhabitat.org/documents/WH10/EN/Asia_Press_kits/CaseStudies3.pdf]

- INNOVATIVE APPROACHES FOR INVOLUNTARY RESETTLEMENT – Lunawa Environmental Improvement and Community Development project, By UN HABITAT - See Chapter 3- Step 10: Preparing resettlement sites through ‘community contracts’; Box 3.8 and Annex 111: Flow of Community Contracts

[<http://www.unhabitat.lk/downloads/InnovativeApproaches.pdf>]

2. FINANCIAL DECENTRALIZATION

Nepal Experience: The ADB has initiated a case study on “Fiscal Decentralization and Fiduciary Risks in Local Governance” in Nepal to analyze the risks inherent in the existing fiscal transfer system to local bodies in Nepal, particularly those related to block grants. It argues that the nature and severity of these risks with respect to the government’s flagship Local Governance and Community Development Program are such that they need to be understood in the broader context of the general public financial management (PFM) system as well as the constraints inherent in local governance. The study concludes that mitigating risks in intergovernmental fiscal transfers should focus on, among others, continual and real-time review of performance benchmarks, upgrading the risk monitoring protocols, enhancing accountability mechanisms at local body level, and enhancing local body capability to manage PFM-related processes.

For more details please refer to:

- FISCAL DECENTRALIZATION AND FIDUCIARY RISKS: A CASE STUDY OF LOCAL GOVERNANCE IN NEPAL, Gambhir Bhatta, South Asia Working Paper Series, ADB, June 2011

<http://www.adb.org/sites/default/files/pub/2011/Fiscal-Decentralization-Fiduciary-Risks.pdf>

- **Philippines Experience:** The ADB has developed a concept paper for the proposed Local Government Finance and Fiscal Decentralization Reform Program in the Philippines.

For more details please refer to:

<http://www.adb.org/projects/documents/local-government-finance-and-fiscal-decentralization-reform-program-cp>

3. LOCAL GOVERNANCE CAPACITY BUILDING

Sri Lanka Experience: The Supporting Regional Governance Program (SuRG), funded by USAID commenced in 2008 and just completed its operation. It was implemented through four component platforms: (a) social equity; (b) community empowerment and transformation; (c) local governance; and (d) open dialogue. The SuRG local governance component is designed to enhance participatory local governance by providing training and technical assistance to local authorities (LAs) with an objective of establishing effective, efficient and transparent local governance system in selected LAs by enhancing the, knowledge, skills and the capacity of elected members and the staff with conducive environment and increased public participation in decision making. This program focused on enhancing the capacity of LG agencies on (a) Office Management, Accounting and Finance; (b) Governance; (c) Participatory planning; (d) Leadership and Legislature. This program has adopted a schematic ‘Pyramid Approach’ to the capacity building exercise including three steps. (a) Step I - ToT training for Master Trainers for each of the four (4) categories (b) Step 2 - On-Site training at individual LAs carried out by the Master Trainers, subject specialist and (c) Step 3: Regular guidance and facilitation at LA level to facilitate ‘Putting into Practice’ Build Capacity and Engagement of Citizens.

At the end of the program, a resource book titled “Managing Local Governance - Practitioners and Trainers Guide” [This publication has already shared with GNHC] was prepared by the master trainers who designed and conducted the local governance capacity building program. The purpose of this publication is to collate the essence of the training program conducted as a knowledge product for further reference, training, research and capacity building in the local government sector for trainers, practitioners, scholars and interested parties in order to create a culture of good local governance, by providing an effective learning platform and resource base all interested parties.

Indonesia Experience: The subject of capacity building for decentralization supports is one of the major areas of emphasis in Indonesia. These include good governance, institution building, support for decentralization and human development. The ADB project - Local Government Capacity Building for Decentralization- has focused on sustainable capacity building and it basically deals with cross-sectoral capacity building requirements such as financial management, planning, public administration. The needs have been developed through prior work by Government of Indonesia.

For more details please refer to: <http://www.adb.org/projects/35261-012/main>

Kazakhstan Experience: The goal of the Project “The Capacity Building of National and Local Governments To Implement The Poverty Reduction Program” is to reduce poverty by assisting government in the implementation of the poverty reduction program. The purpose is to build the technical competency of the government staff that will oversee the implementation of the poverty reduction program at the national and local levels. Subject to discussion with government and other concerned parties, the outputs will

include a monitoring and evaluation system and a capacity building program on pro-poor financial management, poverty targeting, participatory approaches to implementation of poverty reduction programs, and policy analysis and advocacy for the poverty groups. Components will include short training courses, workshops, monitoring indicators and development of a scorecard.

For more details please refer to: <http://www.adb.org/projects/34461-012/details>

4. SERVICE AND INFORMATION DELIVERY

ADB project: Empowering the Rural Area Through Community E-Centers (CeCs)

The proposed ADB initiative is aimed to reduce poverty and to improve the quality of life of the rural communities in SASEC (South Asia Sub-regional Economic Cooperation) countries by providing them ICT accessibility and demand driven ICT applications through CeCs. The immediate purposes are to: (a) design the sustainable CeCs model according to community type and need (b) implement pilot CeCs in the rural areas through public private partnership in the financing structure, community ownership in the overall management structure and an entrepreneurial approach (e.g. franchise) in the operating structure (c) identify and develop community based ICT applications, which could create employment and business opportunities in communities and (d) build capacity in rural communities and local governments in using, applying and managing ICT through training programs and regional workshops.

For more details please refer to: <http://www.adb.org/projects/39080-012/details>

5. COMMUNITY-MANAGED POVERTY REDUCTION; COMMUNITY EMPOWERMENT FOR RURAL DEVELOPMENT; GENDER AND GOVERNANCE; AND CLIMATE RESILIENT ACTION PLANNING IN LOCAL GOVERNMENT

- ADB funded project in Lao PDR: Community-managed Irrigation Reduces Poverty and Raises Food Security for Women Farmers - 2012. More active participation by women in irrigation and food production reduces poverty and raises food security.

For more details please refer to: <http://www.adb.org/themes/gender/case-studies/community-managed-irrigation-reduces-poverty-and-raises-food-security-women-farmers-lao-pdr>

- ADB funded project in Indonesia: Community Empowerment for Rural Development Project – 2010.

For more details please refer to: <http://www.adb.org/themes/gender/case-studies/indonesia-community-empowerment-rural-development-project>

- ADB funded project in Nepal : Community Livelihood development project

For more details please refer to:

<http://www.adb.org/sites/default/files/pub/2010/gender-case-study-nep.pdf>

- The ADB Report on “Gender and Governance Issues in Local Government: Regional Report of Technical Assistance in Bangladesh, Nepal, and Pakistan” presents the activities and recommendations stemming from the ADB Regional Technical Assistance Project 6008: “Gender and Governance Issues in Local Government in Bangladesh, Nepal, and Pakistan”. The project is unique in its efforts to bring the three pillars of ADB’s strategic approach to poverty reduction together and apply them at the grass roots level. It was implemented over the 18-month period July 2002–February 2004 and was jointly funded by ADB, the Japan Special Fund, and the Canadian International Development Agency. Data and information in this final report were drawn from baseline surveys of women representatives, training needs assessments, quarterly monitoring reports, evaluations of training programs, exposure visit reports, workshop reports on reviews of local government ordinances, the six-month ADB review mission, a mid-term review of the project, and consultants’ and participating nongovernment organizations’ (NGOs) reports and analyses.

For more details please refer to:

<http://www.adb.org/sites/default/files/gen-gov-issues.pdf>

- Talisay Rivers for Environmental and Economic Sustainability (TREES) Project funded by the World Bank and the Department of Finance of the Government of the Philippines. The major components of this LG Project are (a) Natural Resource Management; (b) Alternative Livelihood; and, (c) Infrastructure Support. The LG Agencies have institutionalized the Community-Based Resource Management Process, particularly the development and integration of the Barangay Development Plans in the Municipal Development Plans. With this, a monitoring system was established with clearly defined goals, objectives, measuring indicators, reporting system and benchmark information collected thru resource assessment process. All procurement activities have been undertaken through the Community Development Driven (CCD) Procurement Scheme. This initiative obtained the Local Government best Practice Award.

For more details please refer to:

http://www.unhabitat.org/bp/bp.list.details.aspx?bp_id=2020

- With financial assistance of NIVA (Norway) The UN HABITAT has launch a program “ Climate resilient action Plans for Coastal urban areas of Sri Lanka” (CCSL) to develop climate resilient action plans for Local Government Agencies in Sri Lanka. The experience of incorporating climate change dimension into Local Government Agencies in Sri Lanka are available from following web sites and documents:

For more details please refer to:

<http://www.climateresilience.lk/index.php/gallery>

<http://www.urbangateway.org/content/groups/mid-term-evaluation-climate-change-initiative>

- Adaptive Planning and Program Designing; Participatory Monitoring; Improve User Participation: World Bank Publication “Structured Learning in Practice: Lessons from Sri Lanka on Community Water Supply and Sanitation”.

For more details please refer to:

http://www.wsp.org/pdfs/global_srilanka.pdf

ANNEX 6: LIST OF MEMBERS OF THE EVALUATION REFERENCE GROUP

Name	Organization
Kunzang Lhamu	RED, GNH Commission
Wangdi Gyeltshen	DLG, Ministry of Home and Cultural Affairs
Chandrashekhar Dahal	DPA, Ministry of Finance
Sonam Tobgyel	RED, GNH Commission
Tshering Wangmo	RED, GNH Commission