



ANNUAL PROGRESS REPORT
(PERIOD JULY 2024 – JUNE 2025)

*(Project Title: Supporting Good Governance and Digitalisation in Bhutan: NDICI-
ASIA/2022/ACT 60987)*

DEPARTMENT OF LOCAL GOVERNANCE AND DISASTER MANAGEMENT
MINISTRY OF HOME AFFAIRS
ROYAL GOVERNMENT OF BHUTAN



Funded by
the European Union

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CONTEXT

Bhutan, with a total size of 38,394 square kilometers, is situated in the eastern Himalayas. It is fully protected by the Constitutional Mandate to maintain a forest cover above 60 percent at all times. Bhutan acts as a carbon sink, with its forests absorbing three times more CO₂ emissions than it emits. The country is committed to stringent environmental conservation efforts, with 70 percent forest coverage, 7 percent snow and glaciers, nearly 3 percent cultivated land out of total arable lands of 664,114.45 acres, and 4 percent meadows and pastures. The remaining land is classified as barren, rocky or bushes. Approximately 10 percent of the total surface area is covered by glaciers, providing a renewable source of energy with an estimated hydropower potential of 36,900 megawatt. However, due to its geographical location, Bhutan is vulnerable to natural and man-made hazards. An average magnitude of 6.3 earthquake can cause damage to its traditional buildings. Monsoon-related floods affect over 70 percent of settlements, infrastructure, and agricultural areas. Traditional buildings are prone to fire hazards. Additionally, there are 17 potentially dangerous glacial lakes that pose a major threat.

As per the Global Gender Gap Report (2025) ranking, Bhutan was ranked 119th out of 148 countries. Women currently constitute 6.94 percent of the Parliament of Bhutan. Women's representation in Local Government has increased from 7.67 percent in 2011 to 11.74 percent in 2016, 12.54 percent in 2021 and 12.94 percent in 2024. Areas requiring attention include maternal and reproductive health, enrollment and completion in tertiary education, low participation in public decision-making and political spheres, and gender-based violence. Areas that need sustained effort include gender mainstreaming, implementation of legislation and policies.

As of 2022, Bhutan's poverty rate stands at 12.4 percent. 12 out of every 100 individuals belong to households with a monthly per capita expenditure below Nu 6,204. Additionally, 0.4 percent of the population are classified as subsistence poor, with a monthly per capita consumption below food requirements. Bhutan heavily relies on imports for essential food items and pharmaceuticals though it produces traditional medicines. The sufficiency score for essential foods is low, with rice at 25.17 percent, maize at 50.35 percent, and meat at 27.11 percent. Furthermore, over 64,000 acres of land are fallow and farmers still face crop losses ranging between 19-43 percent annually to wildlife. Over 31% of the agricultural land is situated on slopes with 50-degree steep gradient. Only around 28% of the agriculture land has reliable irrigation. The irrigation problem (25.4%) topped the list of constraints faced by communities and 38.4% of the total fallow land is due to water scarcity. 62.2% of the total population reside in the rural areas with increasing aging index of 14.2% in 2005 to 22.7% in 2017. On the other hand, urban population is witnessing rising trend from 30.9 percent in 2005 to 37.8 percent in 2017 with further projection to increase to 56.8 percent by 2047.

For the 13th Five Year Plan, an indicative amount of BTN 72,000 million has been allocated to Local Governments. Out of this, BTN 34,000 million is assigned to Thromdes¹, Dzongkhags², and Gewogs³ as block grants based on the Resource Allocation Formula, while BTN 38,000 million is earmarked for Project-tied Works. The Department's mandate includes drafting, reviewing, and revising Local Government (LG)-related acts, rules, regulations, protocols, and policies, as well as conducting sensitization programs on the LG Act, its amendments, and related regulations. The mandate further covers coordinating meetings and trainings for LG functionaries, including induction programs for newly elected members, and ensuring compliance with applicable laws, guidelines, and protocols across all LGs. As part of promoting civic engagement and social accountability, the mandate also emphasizes fostering active community participation and strengthening community vitality to deepen

¹ Four municipalities

² 20 Districts

³ 205 Blocks

	<p>decentralization and democracy. Additional responsibilities include conducting LG performance assessments and recognition systems, undertaking studies on the functioning of LG institutions, and providing policy recommendations to enhance the management and operation of community groups.</p> <p>As for the Department’s priorities, they are aligned with the mandate outlined in the Constitution of Bhutan (2008), Article 22, Section 18(e), which states that “Local Governments shall be supported by the Government to promote holistic and integrated area-based development planning.” Guided by this constitutional provision, the Department is thriving to support local economic development, strengthening governance and support systems, coordination and engagement mechanisms, and capacity-building efforts to enhance effective and inclusive local development.</p> <p><i>(Source of Data: 13th Five Year Plan Document, National Council Review Report on Satong⁴ & Gungtong⁵ and Universal Periodic Review Report 2024)</i></p>
<div>OBJECTIVES</div>	<p>Overall Objective:</p> <p>The overall objective of the project ‘<i>Supporting Good Governance and Digitalisation in Bhutan</i>’ is to reduce poverty in the country.</p> <p>Specific Objectives (Outcomes):</p> <ol style="list-style-type: none">1. Strengthened local governance and decentralisation2. Strengthened gender mainstreaming including at the local level. <p>Induced Outputs:</p> <ul style="list-style-type: none">- Contributing to outcome 1: Improved efficiency of LGs in the delivery of services- Contributing to outcome 1: Decentralisation of administrative and fiscal authority, functions, and resources to LGs promoted.- Contributing to outcome 1: Strengthened capacities at national and LGs to leverage service delivery impact- Contributing to outcome 2: Women’s participation enhanced and gender-sensitive policies /plans/programmes mainstreamed in LGs. <p><i>(Source of Information: Project Document on ‘Support to Good Governance and Digitalisation in Bhutan’)</i></p>

⁴ Fallow land
⁵ Empty households

STRATEGIES

Following strategies are adopted under the project:

S/N	Induced Output	Strategies
1	Improved efficiency of LGs in the delivery of services	1. Harmonization of legislative documents, including Acts, Rules, Proceedings, Protocols, and Guidelines
2	Decentralisation of administrative and fiscal authority, functions, and resources to LGs promoted	1. Scale-up support for Performance-Based Climate Resilience Grants to the Gewogs 2. Promotion of social accountability mechanisms to increase community asset ownership, responsibility, and improve service delivery
3	Strengthened capacities at national and LGs to leverage service delivery impact	1. Utilization of local area-based potential programs through Local Area Potential Based Economic Development (LAPBED) to reduce poverty and boost income generation capacity 2. Integration of Gender, Environment, Climate, Disaster, and Poverty (GECDP) elements into Local Government plans, programs and activities.
4	Women's participation enhanced and gender-sensitive policies /plans/programmes mainstreamed in LGs	1. Empowerment of women and vulnerable groups through enhanced platforms for participation by enhancing community engagement. 2. Enhancement of the capacity of Local Government functionaries, particularly women in existing positions and prospective candidates.

(Source of Information: Project Document, DLGDM 2024)

KEY ACHIEVEMENTS

Overview of key achievements are highlighted as follows:

S/N	Induced Output	Strategies
1	Improved efficiency of LGs in the delivery of services	1. Revision of Local Government Rules and Regulations (2025)
2	Decentralisation of administrative and fiscal authority, functions, and resources to LGs promoted	1. Pilot Implementation of Social Accountability Mechanisms 2. Identification of 180 Gewogs and support to 150 Gewogs for Performance Based Climate Resilience Grant Establishment of Community Engagement Platforms (CEP)
3	Strengthened capacities at national and LGs to leverage service delivery impact	1. Capacity Building for LG functionaries on mainstreaming Gender, Environment, Climate change, Disaster and Poverty into local plans and programs 2. Identification and implementation of initial phase for Local Area Potential Based Economic Development 3. Coordination of the 13 th Five-Year Plan Conference 4. Coordination of the 26 th Annual Dzongdags' Conference 5. Refresher course for Dzongdags and Dungpas
4	Women's participation enhanced and gender-sensitive policies /plans/programmes mainstreamed in LGs	1. Women leadership development program

GENERAL PROGRESS

1. COORDINATION OF THE 13TH FIVE-YEAR PLAN CONFERENCE

In collaboration with the Cabinet Secretariat, a week-long conference was held on the 13th Five Year Plan at Royal Thimphu College, Thimphu for the Local Government functionaries comprising of Dzongdags⁶ of 20 Dzongkhags, four Thrompons, 20 Chairpersons of the Dzongkhag Tshogdu⁷, 205 Gups, 16 Thromde Ngotshabs⁸, 20 Planning Officers, 20 Monitoring and Coordination Officers and 20 Economic Development and Marketing Officers. The objective of the coordination meeting was to align central and local government roles for smooth and effective implementation of the 13th FYP.

Key outputs included presentations by ministries on budget allocations and priorities, open discussions on challenges faced by Gewogs, Thromdes and Dzongkhags—such as procurement procedures, taxation, and unclear Terms of Reference. The intended outcome is improved

⁶ District Governor

⁷ Highest decision-making body at the district level.

⁸ Elected District Municipality Representative

coordination and planning at the local level, leading to more effective and decentralized execution of the 13th FYP. Notably, this marks the first-time local leaders from across Bhutan have convened on such a large scale for a planning process, representing a significant achievement in inclusive governance. This initiative is important as it strengthens decentralization, fosters collaboration, and ensures that the development agenda is informed by on-the-ground realities, ultimately enhancing the relevance and success of national development goals.

2. COORDINATION OF THE 26TH ANNUAL DZONGDAGS' CONFERENCE

The Department organized a five-day conference as part of the 26th Annual Dzongdags' Conference, attended by Dzongdags from 20 Dzongkhags and Executive Secretaries from 2 Thromdes. The theme of the conference was "Promoting Local Area Potential Based Economic Development (LAPBED)." Participants were briefed on LAPBED, Community Participatory Model, Climate Adaptation, Resilience and Engagement in Local Governments (CARE-LG) project, Disaster Management, and Economic Stimulus Plan. The objective of the conference was to mainstream disaster risk reduction (DRR) into local governance by fostering collaboration between local governments, central agencies, and development projects. It focused on strengthening local governance through community participation, through Community Performance Management (CPM) and Community Engagement Programs (CEP), while addressing key challenges such as fiscal sustainability, human resource constraints, and inter-agency coordination. The conference also aimed to enhance disaster preparedness, response mechanisms, and climate resilience at the local level. Additionally, it emphasized the need to align national policies in sectors like tourism, education, and health with the actual capacities of local governments to ensure more coherent and effective implementation.

Key outputs included the adoption of the Local Area Potential-Based Economic Development (LAPBED) model for all Dzongkhags and Thromdes, the implementation of the Community Participatory Model (CPM) for inclusive decision-making, and assigning additional role to Dzongkhag Tshogdu Secretaries as Dzongkhag Disaster Management Officers (DDMOs) to strengthen disaster response mechanism. Specific decisions mandated Dzongkhags to develop disaster contingency plans by July 2025, construct fire lines near forests by November 2025, clear waterways before monsoon, and adopt waste management duties in local officials' Terms of Reference. Sectoral outputs included promoting signature tourism events, standardizing school admission at age 6, sharing SEN school designs, and supporting digital transformation via the Bhutan National Digital Identity wallet. The conference also addressed regional office proliferation concerns, and enhance inter-agency coordination.

Outcomes focused on building disaster-resilient communities through early warning systems and contingency planning, fostering decentralized economic growth via LAPBED and CPM, improving service delivery through HR reforms (e.g., Dzongkhag Planning Officer recruitment at P2 level) and infrastructure investments, and ensuring policy coherence by aligning national initiatives (e.g., Gelephu Mindfulness City) with local capacities. Ultimately, these outputs aim to achieve self-reliant local economies, reduced disaster vulnerability, streamlined governance, and balanced regional development while addressing challenges like centralization tensions and fiscal constraints.

3. REVISION OF LOCAL GOVERNMENT RULES AND REGULATIONS (LGRR) 2025

The Ministry of Home Affairs empowered by the Local Government Act 2009 revised the LGRR 2025 integrating Thromde Rules 2011, and removing ambiguous provisions.

The objective of this activity is to strengthen and streamline local governance by revising the Local Government Rules and Regulations (LGRR) 2025 to ensure clarity, coherence, and inclusivity in line with the Local Government Act 2009. The revision aimed to address practical governance challenges by integrating the Thromde Rules 2011, removing ambiguous provisions, and incorporating cross-cutting issues such as GECDP. Amongst many, issues like prolonged illness, periodic reporting of Tshogpas⁹, contents of annual report, individual and collective mandates of local government functionaries were addressed in the revised version. It also seeks to clearly define the roles, responsibilities, and reporting mechanisms of local government functionaries. Ultimately, the process is intended to create a more responsive, accountable, and effective local governance framework through continued stakeholder consultation and refinement.

The Department presented the revised draft of the LGRR during the 26th Annual Dzongdags' conference. However, participants raised several concerns regarding the implementation of certain new provisions in the revised LGRR. The clause permitting the removal of local government members due to prolonged illness was seen as too severe, and the proposal to authorize Dzongdags to carry out such removals was viewed as potentially conflicting with the Local Government Act. Concerns were also raised about inconsistencies between the English and Dzongkha versions of the text, contradictory roles of the Dzongkhag Tshogdu and Finance Committee, and confusing terminology. Dzongdags highlighted the lack of in-house urban planners, limiting their ability to develop spatial plans, while Executive Secretaries pointed out ambiguities in financial sanctioning authority due to conflicting rules. Other issues included unclear procedures for termination and foreign travel of LG members, the vague reporting structure for Thromde Thuemis, approval processes for Thrompons' leave and travel, and the absence of a clear management framework for Yenlag Throms.

Based on these concerns and feedbacks, it was agreed that the Department would further review and refine the LGRR in consultation with key LG functionaries in the financial year 2025-2026.

4. CAPACITY BUILDING ON GENDER ENVIRONMENT, CLIMATE CHANGE, DISASTER AND POVERTY FOR LOCAL GOVERNMENT FUNCTIONARIES

The objective of the refresher course was to enhance the capacity of local government members to effectively mainstream GECDP concerns into local plans and programs. This intervention aimed to revitalize the understanding and functionality of local-level decision-making structures, such as the Chiwog Zomdu and Gewog Tshogde, by building awareness, knowledge, and skills in GECDP-sensitive planning, especially following the dissolution of previously established Mainstreaming Reference Groups (MRGs) due to attrition and staff transfers.

A total of 245 local government members across all 20 Dzongkhags participated in the refresher

⁹ Sub-block elected leader. There are 1044 sub-blocks in total.

course, where they were sensitized and trained on integrating GECDP elements into their planning processes. The sessions focused on building practical skills in evidence-based decision-making, use of local data, and understanding of contextual GECDP issues. Participants were also introduced to updated mainstreaming tools and frameworks relevant to local governance.

The training significantly improved participants' understanding and awareness of GECDP challenges in their respective communities, empowering them to contribute meaningfully to local decision-making processes. Local government sessions such as Chiwog Zomdu and Gewog Tshogde have become more substantive and data-informed, with elected leaders demonstrating greater capacity to prioritize inclusive and sustainable development issues within their discussions and planning processes.

The refresher course successfully re-energized GECDP mainstreaming efforts at the local level, bridging previous capacity gaps left by the inactive Mainstreaming Reference Groups (MRGs). As a result, local governments have begun taking assertive and sustained steps to integrate GECDP considerations into their plans and programs. The intervention has led to a more responsive, inclusive, and forward-looking planning culture within local governance, reinforcing the foundations for sustainable and equitable community development.

5. REFRESHER COURSE FOR DZONGRABS AND DUNGPA¹⁰

The primary objective of the refresher workshop for Dzongrabs¹⁰ and Dungpas^{11 10} was to strengthen governance and decentralization by enhancing the capacity of local administrators to effectively coordinate and implement activities under Bhutan's 13th Five-Year Plan (FYP). It aimed to update participants' knowledge on revised national policies, laws, and procedures; foster professional relationships and peer learning; address administrative challenges; and improve public service delivery. The workshop also sought to bridge gaps between central agencies and local governments, ensuring alignment in planning, budgeting, disaster management, and cultural preservation to support sustainable development and institutional resilience.

The workshop generated tangible outputs, including comprehensive presentations from 12 central agencies on updated policies, audit practices, disaster management, procurement laws, and cultural preservation. Participants engaged in structured discussions, raising field-specific concerns and proposing solutions, such as clarifying border management protocols, and addressing audit inconsistencies. Key documents shared included the 13th FYP guidelines, disaster response strategies, and urban development frameworks. Recommendations for annual workshops and location rotation were also documented.

Expected outcomes include improved policy implementation at local levels, as participants gained clarity on revised procedures and disaster preparedness measures. Enhanced coordination between central and local governments is anticipated to resolve bureaucratic bottlenecks, such as audit discrepancies and budget allocation imbalances. The workshop fostered peer networks and trust, enabling collaborative problem-solving for cross-cutting issues like border security, rural-urban migration, and cultural preservation. Long-term outcomes aim to strengthen public service delivery, promote economic resilience, and embed decentralized governance principles, ultimately advancing the 13th FYP's goals of inclusive, sustainable development.

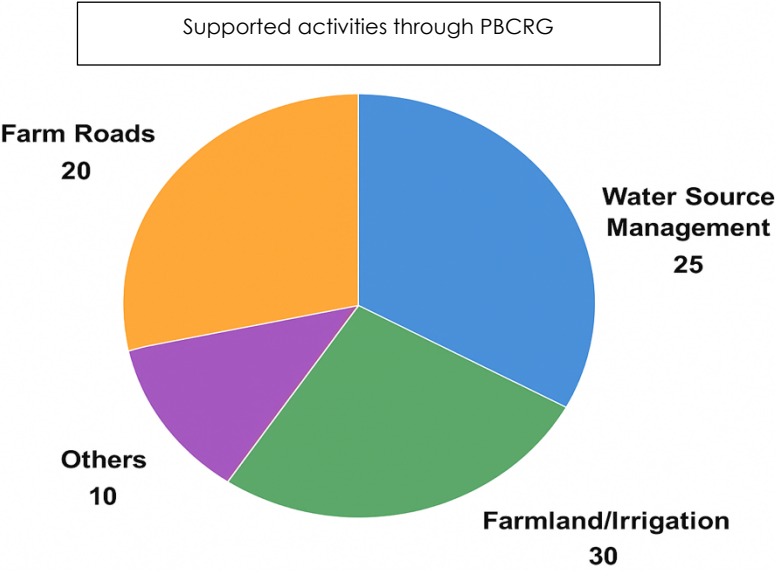
¹⁰ Deputy Governor of a district

	<p>The workshop achieved its core objectives, as evidenced by active participant engagement, positive feedback, and actionable recommendations. It successfully updated 29 local administrators on critical national policies and fostered robust inter-agency relationships, with 100% of participants endorsing its continuation as an annual event. Key achievements included resolving ambiguities in administrative roles, securing commitments from central agencies to address field challenges, and aligning local governments with national priorities. The participants' reflections confirmed improved readiness to implement the 13th FYP, demonstrating the workshop's immediate and lasting impact on local governance efficacy.</p>
<p>VARIABLE TRANCHE INDICATORS¹¹</p>	<p style="text-align: center;">1. INDICATOR 1: NUMBER OF AREA-BASED DEVELOPMENT PROGRAMMES PROMOTED AND SUSTAINED</p> <p>Introduction of the Area-based Potential Planning concept to Local Governments</p> <p>The Article 22.18 (e) of the Constitution of Kingdom of Bhutan mandates the Local Governments to promote holistic and integrated area-based development planning. In partnership with the Helvetas Bhutan Office, the Department has piloted five area-potential based eco-tourism lodges with higher assurance of future sustainability success and supported Tergola Rhododendron Sightseeing in Haa for enhancing income generation and employment creation opportunities for youth and women. Around 490 local government functionaries, comprising of 20 Dzongdags, 205 Gups, 24 planning officers, 20 Economic Development Officers, 16 Thromde Ngotshabs and 205 Gewog Administrative Officers were oriented on local resource identification matrix and proposal drafting.</p> <p>During the Focus Group Discussion, out of 245 participants comprising of Gewog Administrative Officers, Dzongkhag Planning Officers, and Economic Development and Marketing Officers, all respondents confessed that they are new to the concept of area-based potential planning, falling under the category of 'important-yet challenging to implement', with none falling under the category of 'optimistic-confident' and 'pessimist-not confident'. However, after the presentation of local resource matrix tool and facilitation stories, the participants could gain confidence in developing area-based development project. The Department received 55 area-based proposals from the local governments and 13 projects were prioritized for implementation based on gender, viability, sustainability, use of local resources and community engagement.</p> <p>The objective of the LAPBED governance initiative is to strengthen local economic development and decentralization by promoting a community-driven planning approach rooted in local area potential. This included orienting stakeholders—such as local government officials, community members, and implementing partners—on the LAPBED model, facilitating joint proposal reviews, and conducting field-level asset and stakeholder mapping to guide project planning and execution.</p> <p>Key outputs include the completion of stakeholder and community consultations across selected Dzongkhags with support from the EU-TA, LGDG. Furthermore, participants were oriented on the LAPBED framework, in-depth asset and stakeholder mapping exercises were carried out, and the 13 LAPBED project proposals underwent collaborative review and enhancement. A LAPBED Concept paper was developed, and site feasibility assessments were initiated, along with preparations for environmental and land clearances.</p> <p>The initiative enhanced the capacity of local governments and communities to design and</p>

¹¹ Head of a sub-district

	<p>implement development projects based on local strengths and resources. It fostered inclusive participation, improved understanding of decentralized planning tools, and laid the foundation for integrated, community-owned economic development initiatives in alignment with the national planning framework.</p> <p>A key achievement of the initiative was the institutionalization of the LAPBED approach at the local level, supported by strong stakeholder engagement and technical guidance. The pilot projects demonstrated early signs of economic benefits for communities, while the expanded proposals reflected increased local ownership, inter-agency collaboration, and a scalable model for sustainable local development rooted in Bhutan’s decentralization and good governance goals.</p> <p>The designs and blueprints for all 13 LAPBED project have been finalized. The budget allocation for implementation is scheduled for release in the Financial Year, 2025–2026.</p> <p>indicator : Number of Local Governments (LGs) receiving performance-based grants for mainstreaming gender, climate change and Disaster and livelihood opportunities into LG plans and programs</p> <hr/> <p>ALLOCATION OF PERFORMANCE-BASED CLIMATE RESILIENCE GRANTS (PBCRG) TO LOCAL GOVERNMENTS</p> <hr/> <p>The primary objective of the PBCRG is to strengthen local governance mechanisms by building the capacity of local government functionaries to integrate climate change adaptation and GECDP considerations into local planning and decision-making processes. This is achieved through participatory approaches, such as Participatory Rural Appraisal tools, and the implementation of PBCRG to promote social inclusion, community engagement, and the identification of local area potentials to address climate vulnerabilities and enhance resilience at the grassroots level.</p>
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More than 245 local government functionaries were trained on climate change concepts and adaptation planning using Participatory Rural Appraisal tools. As a result, 150 Local Governments have now implemented various climate adaptation interventions as shown in the chart below: Additionally, 205 Gewog Administrative Officers were trained and 205 PBCRG proposals were



received for the FY 2025–2026, indicating increased readiness to implement locally driven climate resilience initiatives.

The intervention has led to increased awareness and institutional capacity among Local Government functionaries and communities to respond to climate change threats using locally available resources. The use of community engagement tools has enhanced inclusive participation and empowered local communities to take ownership of adaptation actions. The mainstreaming of GECDP in local planning has been strengthened, and LGs have become more proactive in identifying and implementing context-specific solutions to climate-related challenges.

The PBCRG initiative has successfully expanded from 100 LGs in 2022 to 150 LGs in 2024 and is projected to reach 205 LGs by 2026. Through this process, LGs have begun adopting a bottom-up approach in planning, increasing people’s participation in decision-making at the Chiwog Zomdu and Gewog Tshogde levels. The successful integration of GECDP and climate adaptation practices into local plans reflects a significant shift toward inclusive, resilient, and community-led governance at the local level.

With the increasing number of LGs targeted annually, the available project funding is becoming increasingly thinly spread, limiting the scale and impact of individual PBCRG interventions. This budget constraint restricts the implementation of larger, more impactful projects, leading to diluted outcomes. To address this, the Department encourage the LGs to adopt innovative approaches that utilize green technologies, locally available resources, and phased implementation of major climate adaptation initiatives over multiple years to ensure sustainability and effectiveness.

INDICATOR 2: NUMBER OF LGS WITH ESTABLISHED SOCIAL ACCOUNTABILITY MECHANISMS FOR PEOPLES’ PARTICIPATION IN GOVERNANCE PROMOTED AND STRENGTHENEDPILOT IMPLEMENTATION OF SOCIAL ACCOUNTABILITY MECHANISMS

The Department hosted a consultative workshop with 30 Local Governments to frame suitable Social Accountability Mechanism tailoring to Bhutanese context. Areas like participatory planning and budgeting, community monitoring team and grievances redressal mechanisms are chosen as thematic topics. A draft social accountability mechanism was developed and put into trail run in 30 local governments (Gewogs).

The objective is to strengthen democratic governance and community participation through the institutionalization of a Social Accountability (SA) mechanism, specifically the Community Monitoring Team (CMT), within the Community Engagement Platform (CEP) framework. The initiative aims to enhance transparency, promote inclusive decision-making, and ensure the quality and effectiveness of local development projects by engaging citizens directly in planning, monitoring, and feedback processes.

A structured Social Accountability Framework was developed and implemented across 30 Gewogs, including the formation of Community Monitoring Teams (CMTs) through public nomination and Gewog endorsement. Detailed Terms of Reference (ToR), monitoring and reporting formats, and grievance redressal procedures were established. The CMTs were oriented on their roles and responsibilities, and tools such as asset monitoring, project tracking, and stakeholder feedback were introduced, enabling grassroots oversight of public service delivery.

The introduction of CMTs has led to improved citizen participation in local development, with community members actively involved in monitoring project implementation, resolving issues, and ensuring adherence to agreed plans, thereby strengthening community ownership. It has fostered stronger linkages between the community and local administration, increased public awareness of project activities, and contributed to a culture of accountability and responsiveness among stakeholders.

The successful rollout of the Social Accountability mechanism in 30 Gewogs marks a significant step in institutionalizing community-led governance in Bhutan. The initiative has empowered citizens to play an active role in local development, promoted transparency in resource allocation and service delivery, and laid the groundwork for scaling up community-driven monitoring across the country.

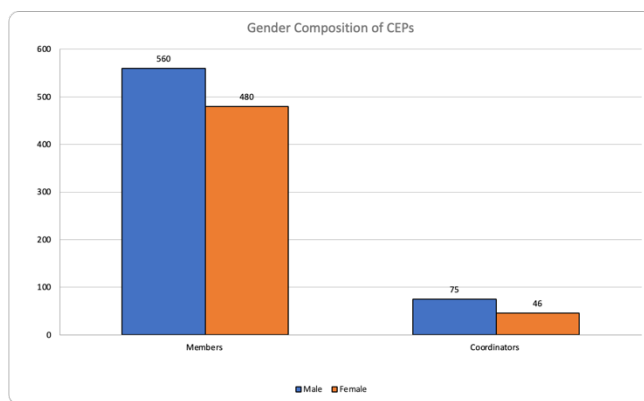
2. INDICATOR 3: NUMBER OF COMMUNITY ENGAGEMENT PLATFORMS (CEP) ESTABLISHED AND SUSTAINED FOR ENHANCING CITIZEN PARTICIPATION IN THE DEMOCRATIC PROCESS OF LOCAL GOVERNANCE AND DEVELOPMENT

ESTABLISHMENT OF COMMUNITY ENGAGEMENT PLATFORMS (CEP)

Drawing lessons from the technical assistance of Japan International Cooperation Agency (JICA) and contextualizing the concept of Community Engagement Platform into Bhutanese context, 16 out of 20 Dzongkhags (except Thimphu, Samdrup Jongkhar, Lhuntse and Pemagatshel) covering 138 Chiwogs across were introduced on CEP. A total of 138 Tshogpas were disseminated on the concept and were tasked to initiate CEP formation in their respective local governments. A total of 164 CEPs are instituted across 20 local governments (Gewogs) towards empowering women and vulnerable section of the society in addressing their needs. As of today, 121 CEPs are active and 43 CEPs are passive which require further activation.

CEP is an engagement mechanism to address meeting fatigue and passiveness caused by various factors like numerous ad-hoc call of meetings by sectors with no specific agenda setting. Chiwog Zomdu is a formal, nearest and closest forum for community engagement which is plagued by too formal set up and no tools for engagement. Most of the issues gathered for planning and decision making are wish-lists which in most cases are not gaining attention of the elected members. Hence, CEP progressed towards establishing linkage between CEP Nangzom- informal meeting and its homework using various engagement tools to effective Chiwog Zomdu and Gewog Tshogde. CEP focused on drawing synergy amongst the community people, elected leaders and sector staff to identify insights on ‘what to do?’ and delve deeper on ‘how to do?’ optimizing on use of local potentials, resources and expertise promoting bottom-up planning approach. A couple of commendable good case practices, involving zero cost¹² initiatives were noted during the Experience Sharing Forum held in April, 2024.

Of 121 active CEPs, 75 coordinators comprise of men and 46 coordinators comprise of women with good representation of women leadership at the community level, indicating strong engagement by women in the community meetings and initiatives. Of 1040 households’ representation in 121 CEPs, 560 members comprise of men and 480 members comprise of women, who are the head of the households having influence in decision making at the household level. There are encouraging cases of the trained CEP women coordinators standing for the local government elections and securing the posts of Tshogpas and trained Tshogpas winning the post of Mangmi.



The objective of the CEP Capacity Building Workshop was to equip local government functionaries with the knowledge, tools, and practical skills required to operationalize CEPs in their respective chiwogs. This initiative aimed to promote inclusive, participatory, and bottom-up planning approaches by strengthening the capacity of Gups, Mangmis, GAOs, extension officers, and Tshogpas, thereby enabling community-driven development and reinforcing the decentralization process in line with good governance principles.

¹² Activities planned and executed by the community without budgetary support from the Government.

Three regional workshops were successfully conducted in Phuntsholing, Punakha, and Bumthang from March 2025, covering 122 participants from 30 Gewogs across 10 Dzongkhags. Participants were trained on key concepts such as the Drongsep Yadrak tools (e.g., seasonal calendar, resource matrix, community scanning), the Social Accountability Framework, and the "One-Umbrella CEP" model. Each team developed a chiwog-specific Community Improvement Plan and action plan for CEP formation, guided by the principles of inclusivity, participation, and GECDP integration.

Participants gained enhanced capacity and practical experience to lead community engagement processes and participatory planning at the chiwog level. The workshops fostered a deeper understanding of the importance of community voice in governance, strengthened facilitation skills for Chiwog Zomdu, and empowered local leaders to apply inclusive planning tools. The exposure to real-world experiences from existing CEP sites further motivated participants to drive implementation in their own communities.

The workshop laid a strong foundation for institutionalizing the Community Engagement Platform across Bhutan's local governance system. With all 30 target chiwogs developing tailored action plans and trained local leaders ready to implement them, the activity marked a major step toward embedding participatory planning into the 13th Five-Year Plan process. The initiative also demonstrated progress in gender inclusion and cross-sectoral coordination, ensuring a sustainable, scalable, and citizen-centric approach to grassroots development.

3. INDICATOR 5: NUMBER OF ELECTED AND ASPIRING FEMALE LG FUNCTIONARIES TRAINED ON LEADERSHIP AND MANAGEMENT

WOMEN LEADERSHIP DEVELOPMENT PROGRAMME

The objective of the Leadership and Management Training was to enhance the leadership and governance capacity of female Local Government (LG) members, empowering them to actively participate in local governance processes. The program aimed to equip participants with essential leadership, communication, and decision-making skills, while fostering gender equality, inclusion, and community engagement in governance. By focusing on practical tools, national policies, and experience-sharing, the training sought to strengthen women's political empowerment and transform local governance into a more inclusive and responsive system.

A total of 104 female LG members—including Gups, Mangmis, and Tshogpas—from 20 Dzongkhags participated in two 4-day workshops held from 12–15 March (Batch I) and 18–21 March (Batch II). The training covered topics such as community engagement, leadership styles, public speaking, local government protocols, community contracting, and national policies related to gender. Participants engaged in lectures, group discussions, practical exercises, and co-curricular activities, including experience-sharing sessions with seasoned LG leaders and presentations by agencies like the NCWC. Confidence-building exercises, sports, and cultural programs were also integrated to enhance personal growth and team spirit.

	<p>Participants gained improved leadership competencies, stronger communication and presentation skills, and a clearer understanding of their roles and responsibilities in local governance. The sessions fostered critical thinking, enhanced self-confidence, and encouraged assertive participation in decision-making processes. The exposure to community engagement tools and national protocols has enabled participants to initiate more inclusive and community-driven governance in their respective Gewogs. Women leaders also reported greater clarity on navigating challenges such as cultural biases, non-participation in Chiwog Zomdu, and issues related to LG proceedings.</p> <p>The training successfully empowered female LG members to play a more active and effective role in their communities, marking a significant step toward gender-responsive governance. Participants began applying learned skills by enhancing public engagement in Chiwog Zomdu, addressing service delivery challenges, and initiating collaborative community improvement efforts. The program created a supportive peer network and inspired confidence among women leaders to challenge traditional barriers and represent their communities more effectively, thereby contributing to more inclusive and participatory local governance.</p>
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STATUS OF THE VARIABLE TRANCHE INDICATORS

Indicator	Year 3 (by 30 June 2025) Targets		Status	Means of Verification
1. Number of area-based development programmes promoted and sustained	7 programmes <i>Initiated in 13 additional sites</i>	No Tranche disbursement		DLGDM report Attached as annexure 1
2. Number of LGs with established social accountability mechanisms for peoples' participation in governance promoted and strengthened	50 LGs <i>Initiated in 30 additional sites</i>			DLGDM report Attached as annexure 2
3. Number of Community Engagement Platforms (CEP) established and sustained for enhancing citizen participation in the democratic process of local governance and development	30 CEPs <i>Initiated in 30 additional sites</i>			DLGDM report Attached as annexure 3
4. Number of LGs receiving performance-based grants for mainstreaming gender, climate change and disaster and livelihood opportunities into LG plans and programs	150 LGs <i>Supported 30 additional LGs</i>			DLGDM report Attached as annexure 4
5. Number of elected and aspiring female LG functionaries trained on leadership and management	250 LG functionaries <i>Trained 104 additional female LG functionaries</i>			DLGDM report Attached as annexure 5

LOGFRAME MATRIX IN THE FINANCING AGREEMENT

Results	Results chain	Indicators	Baselines (2022)	Current (2024-2025)	Targets by the end of the budget support contract (2027)
Indicative impact of the policy	To reduce poverty in Bhutan	Multi-dimensional Poverty Index	8.2% (2017)	12.4 % (2022)	< 2%
Expected outcomes of the policy	SO1. Strengthened local governance and decentralisation	1.1. Percentage of target population reporting improved satisfaction with involvement in local political processes	X% (2023)	NA	X+10%
	SO2. Strengthened gender mainstreaming, including at local level.	2.1. Percentage of seats held by women in local governments	12.94% (2024)	13. 01% (2025)	> 12.96%
Induced outputs	IO1.1 Improved efficiency of Local Governments (LGs) in the delivery of services	IO1.1.1 Number of area-based development programmes promoted and sustained	5 (2024)	13 (2025)	10
	IO1.2. Decentralisation of administrative and fiscal authority, functions, and resources to LGs promoted	IO1.2.1 Percentage of own sources of revenue	0.1% (2022)	NA	>5%
		IO1.1.2.2 Percentage of LGs levying fees and charges on utilities	1.7% (2022)	NA	>20%
		IO1.2.3 Percentage of staff recruited by local government	0% (2022)	NA	5%
	IO1.3. Strengthened capacities at national and LGs to leverage service delivery impact	IO1.3.1 Number of National Public Service Institutions having Organisational Development (OD) strategy and action plan developed and implemented.	0 (2022)	NA	2
		IO1.3.2 Number of Community Engagement Platforms (CEP) established and sustained for enhancing citizen participation in the democratic process of local governance and development.	20 (2024)	30 (2025)	50
	IO2.1. Women's participation enhanced and gender-sensitive policies /plans/ programmes mainstreamed in LGs.	IO2.1.1. Number of LGs adopting gender, climate change and Disaster Risk Reduction strategies and employment/ livelihood opportunities into LG plans and programmes.	130 LGs (2024)	150 (2025)	205 LGs
		IO2.1.2 Number of elected and aspiring female LG functionaries trained on leadership and management of overall governance.	190 (2024)	294 (2025)	300
Direct outputs	DO1.1 Increased fiscal space and predictability of funds to support LGs service delivery.	DO1.1.1 Percentage of Annual Grants budget utilisation by LGs	90% (2022)	NA	>95%
	DO1.2 Improved strategic policy dialogue and coordination	DO1.2.1. Number of inter-governmental coordination and collaboration promoted and strengthened	3 (2024)	4 (2025)	5 (2027)
	DO1.3 Improved LG performance assessment and monitoring	DO1.3.1 Status of performance-based grant allocation to LGs for mainstreaming of GECDP.	130 LGs (2024)	150 LGs (2025)	205 LGs (2027)
	DO2.1 Strengthened capacity for enhanced policy implementation	DO2.1.1 Number of LG officials trained in designing, implementing and monitoring reforms.	435 (2024)	435 (2025)	1000 (2027)