Royal Government of Bhutan

Operational Guidelines For Disaster Financing

2026

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1. Introduction

This Operational Guideline shall be called the Operational Guidelines for Disaster Financing 2026. It is developed in line with the Disaster Management (DM) Act of Bhutan, 2013 to facilitate efficient, effective, and timely response during disaster emergencies.

2. Objective & Scope

The objective of this Guideline is to establish a standardized mechanism for accessing and managing funds from the General Reserve for Disaster Contingency Fund (GRDCF) under the Ministry of Finance, as required by Section 82 of the Disaster Management Act of Bhutan, 2013. Funds accessed by agencies from the GRDCF shall be over and above the approved Five-Year Plan outlay of the respective agency.

This Guideline shall apply to all agencies involved in disaster preparedness, response, relief, restoration, and recovery under the Disaster Management Act of Bhutan, 2013.

3. Definition of Disaster (for Financing Eligibility)

For the purpose of this Guideline, "disaster" shall mean a sudden, severe and unforeseen natural or human-induced event that causes significant loss of life, displacement, disruption of essential services, or damage to government-owned public infrastructure and that directly necessitates disaster response, relief, immediate restoration, recovery and reconstruction.

Disaster financing under the GRDCF shall be an extraordinary measure and shall not be used for routine maintenance, annual repairs, recurring expenditures, or any other costs ordinarily covered under approved annual budgets.

An event shall qualify as a disaster only where the damage is directly attributable to the hazardous event, and not to poor maintenance, design or construction defects, gradual deterioration, or normal seasonal wear and tear.

The competent Disaster Management Committee (DMC) shall determine whether an event qualifies as a disaster in accordance with this Guideline.

3.1. Indicative Characteristics of Disaster

An event shall qualify for financing under the GRDCF only where the following conditions are met:

i. A verified hazardous event has occurred;

ii. The event caused immediate and material disruption to human life, safety, or health, including fatalities, injuries, displacement, or evacuation of affected populations;

iii. Substantial damage to essential public infrastructure and services, resulting in complete functional failure, rendering assets unfit for use or habitation, and causing prolonged disruption of critical services such as roads, bridges, water supply systems, schools, health facilities, or administrative services;

iv. Widespread geographic impact, affecting multiple households, communities, or administrative units within a Gewog/Thromde/Dzongkhag;

v. The proposed expenditure is directly linked to the disaster event;

vi. The request is for response, relief, immediate restoration, recovery, or reconstruction under this guideline;

vii. The request is supported by technical assessment, documentation, and verification as prescribed under this guideline; and

viii. The request is certified and endorsed by the DMC.

3.2. Exclusions (Not considered disasters for financing under this Guideline)

The following shall not be treated as disasters for the purpose of accessing the GRDCF:

i. Routine, annual, or seasonal maintenance works;

ii. Recurring monsoon-related damages that are predictable and manageable through regular maintenance planning;

iii. Minor or localized incidents including small landslides, blocked drains, erosion, minor slope failures, or debris flows that temporarily block farm roads, Chiwog roads, or access paths and can be cleared using Gewog or Dzongkhag resources;

iv. Gradual wear and tear or maintenance-related failures of infrastructure;

v. Damages existing before the disaster;

vi. The repair or replacement of government vehicles damaged, destroyed, or lost as a result of traffic accidents, driver error, negligence, or operational failures.

vii. Isolated damage to individual private property that does not result in broader community impact or disruption of essential public services;

viii. Repeated damage caused by poor design or failure to comply with approved engineering standards, land-use controls, or risk mitigation requirements; and

ix. Events not directly attributable to a verifiable hazardous event.

Any event not meeting the definition and characteristics of a disaster under this Guideline shall not be eligible for financing under the GRDCF.

4. Authority

The Chairperson of the respective Dzongkhag, Thromde, or agency DMC shall, upon verification that the event constitutes a disaster and qualifies for support under the disaster financing framework, may authorize expenditures for immediate response and relief to the affected communities and responders, as well as for urgent restoration of damaged infrastructure.

All requests for disaster financing shall be submitted under the signature of the Chairperson of the DMC. Requests submitted without such authorization shall be deemed incomplete and shall not be processed.

5. Financing Arrangements

In accordance with Chapter 8 of the DM Act of Bhutan 2013, disaster financing shall be categorized as follows:

i. Financing for Immediate Response and Relief Activities;

ii. Financing for Immediate Restoration of Essential Public Infrastructure and Service Centres; and

iii. Financing for Recovery and Reconstruction Activities.

5.1. Financing for Response and Relief Activities

5.1.1. Definition and Scope

Immediate Response and Relief refers to measures taken immediately during or after a disaster to provide essential assistance to affected people and communities.

Eligible activities include provision of food, temporary shelter, and other essential relief items to affected populations and responders, in accordance with minimum standards issued by the Department of Local Governance and Disaster Management (DLGDM), Ministry of Home Affairs (MoHA).

5.1.2. Duration for Assistance

The assistance under this category shall not exceed:

- 15 days for disaster which is within the coping capacity of Dzongkhag/Thromde/Gewog concerned; and
- 30 days if disaster severity and magnitude is so great that it is beyond the coping capacity of the Dzongkhag concerned.

The disaster period may, however, be altered in accordance with DM Act of Bhutan 2013.

5.1.3. Authorization and Use of Helicopter Services During Disaster Emergencies

At the National level, the Chairperson of the National Disaster Management Authority (NDMA) shall have full authority to direct and approve the use of helicopter services during disaster situations and emergencies, as deemed necessary based on the nature, scale, and severity of the disaster. Accordingly, the Secretariat to the NDMA, DLGDM, upon the directives of the Chairperson of the NDMA, shall authorize the deployment of helicopter services for disaster response.

At the Dzongkhag level, only in situations of imminent or life-threatening risk where no other viable means of response are available, the Chairperson of the Dzongkhag Disaster Management Committee (DDMC) may authorize the use of helicopter services to ensure timely emergency response. Such use may include, but is not limited to search, rescue and evacuation operations, delivery of relief supplies; and logistics support. Decisions shall be guided by necessity, urgency and fully justified, and the DDMC Chairperson shall ensure that the deployment of helicopter services is properly documented and reported to the NDMA Secretariat for information and post-event review.

5.1.4. Procurement of Goods and Services

Procurement of goods and services for response and relief shall be governed by the *Emergency Logistics Preparedness Procurement Manual 2026* issued by the Department of Procurement and Properties (DPP), Ministry of Finance.

5.1.5. Compensation to Individuals or Private Entities

No compensation shall be paid for any loss or damage to property belonging to individuals or private entities arising from natural disasters, except as expressly provided under the Disaster Management Act of Bhutan, 2013.

Compensation for the use of private property, and for losses incurred during response, relief, and recovery operations, shall be governed strictly in accordance with Chapter 11 of the Disaster Management Act of Bhutan, 2013, and the applicable government-approved compensation rates.

Further, compensation shall not be payable for any loss or damage to government-hired private property to the extent that such loss or damage is recovered or recoverable under an insurance policy.

5.2. Financing for Immediate Restoration of Essential Public Infrastructure and Service Centres

5.2.1. Definition and Scope

This category includes immediate restoration of essential public infrastructure and service centres damaged by disasters to ensure continuity of critical public services and prevent further disruption.

Essential public infrastructure and service centres shall:

i. be fully owned and maintained by the Government;

ii. not be engaged in profit-making activities;

iii. be essential for normal community functioning; and

iv. Immediate restoration shall mean temporary and urgent measures to restore minimum functionality, including clearing of major road blockages, temporary bridges, slope stabilization, protection works, restoration of irrigation channels, water supply schemes, and other preventive measures pending permanent reconstruction.

5.2.2. Budget for monsoon restoration works under Ministry of Infrastructure and Transport (MoIT)

A dedicated annual budget shall be allocated to the Department of Surface Transport (DoST), Ministry of Infrastructure and Transport, for monsoon restoration and snow clearance of primary and secondary national highways and Dzongkhag roads.

In the event of disaster incidents exceeding routine monsoon disruptions, DoST shall conduct damage assessments in coordination with the Dzongkhags and DLGDM. Where funding requirements exceed approved allocations, DoST may submit an additional funding proposal through DLGDM to the Department of Planning, Budget and Performance (DPBP).

For technical backstopping for bridges under Dzongkhags affected during the disaster, DoST shall provide necessary support as required.

5.3. Financing for Recovery and Reconstruction Activities

5.3.1. Definition and Scope

Recovery and Reconstruction refers to medium to long-term measures undertaken to restore, rehabilitate, or reconstruct damaged infrastructure and services while enhancing resilience and reducing future disaster risks.

This includes permanent reconstruction, risk reduction measures, relocation from high-risk areas, and implementation of the "Build Back Better" principle.

No financing shall be provided for reconstruction of public assets repeatedly damaged due to non-compliance with engineering standards, land-use regulations, or required risk mitigation measures.

6. Procedure for Assessment, Submission, Verification, and Fund Release

i. **Activation and Immediate Response:** Upon occurrence of a disaster, the concerned Dzongkhag, Thromde, or Agency DMC shall immediately activate the disaster response mechanism and undertake necessary emergency response and relief measures. An assessment team shall be constituted to conduct rapid and detailed damage assessment.

ii. **Assessment of Damage and Requirements:** The assessment team shall undertake preliminary and detailed assessments to determine the extent of damage, identify immediate and recovery needs and prepare detailed cost estimates. The assessment shall be supported by technical reports, photographs, maps, drawings (where applicable), and other relevant evidence sufficient to substantiate the proposed financing request.

iii. **Submission of Proposal:** Based on the assessment findings, the concerned Dzongkhag, Thromde, or Agency DMC shall prepare and submit a funding proposal to DLGDM.

The Proposal shall include:

- Damage incident/impact assessment report;
- Technical assessment and drawings, where applicable;
- Detailed cost estimates;
- Proposed implementation modality and work plan; and
- Certification and endorsement by the competent DMC.

iv. **Verification and Review:** Upon receipt of the proposal, DLGDM shall review and verify the completeness, accuracy, and eligibility of the submission within five working days. DLGDM in coordination with relevant agencies may undertake field verification or seek additional information where necessary.

Following verification, DLGDM shall forward eligible proposals, together with its recommendations, to DPBP, MoF for funding review and approval.

v. **Provision related to Cultural and Religious Site:** For disaster-related damages involving cultural, historical or religious properties, DLGDM shall transmit the assessment reports and funding proposals to the Department of Culture and Dzongkha Development (DoCDD), Ministry of Home Affairs (MoHA).

The DoCDD shall:

- Conduct technical assessment and validation of the proposed restoration or reconstruction requirements;
- Determine the appropriate implementing agency, taking into consideration the technical complexity of the works, heritage significance of the property and implementation capacity of the concerned Dzongkhag or agency; and
- Upon completion of technical vetting, the DoCDD shall submit the finalized proposal to the DPBP, Ministry of Finance, with a copy to DLGDM.

vi. **Provision related to Central Agencies:** Where the disaster affects assets, infrastructure, or facilities under the ownership, management, or mandate of a central agency, the concerned agency shall conduct the assessment in coordination with relevant agencies and prepare the funding proposal in accordance with this Guideline.

Such proposals shall be submitted to DLGDM for verification and validation prior to onward submission to DPBP, MoF. Where necessary, DLGDM may seek technical inputs from the relevant sector ministry, department, or competent authority before forwarding the proposal.

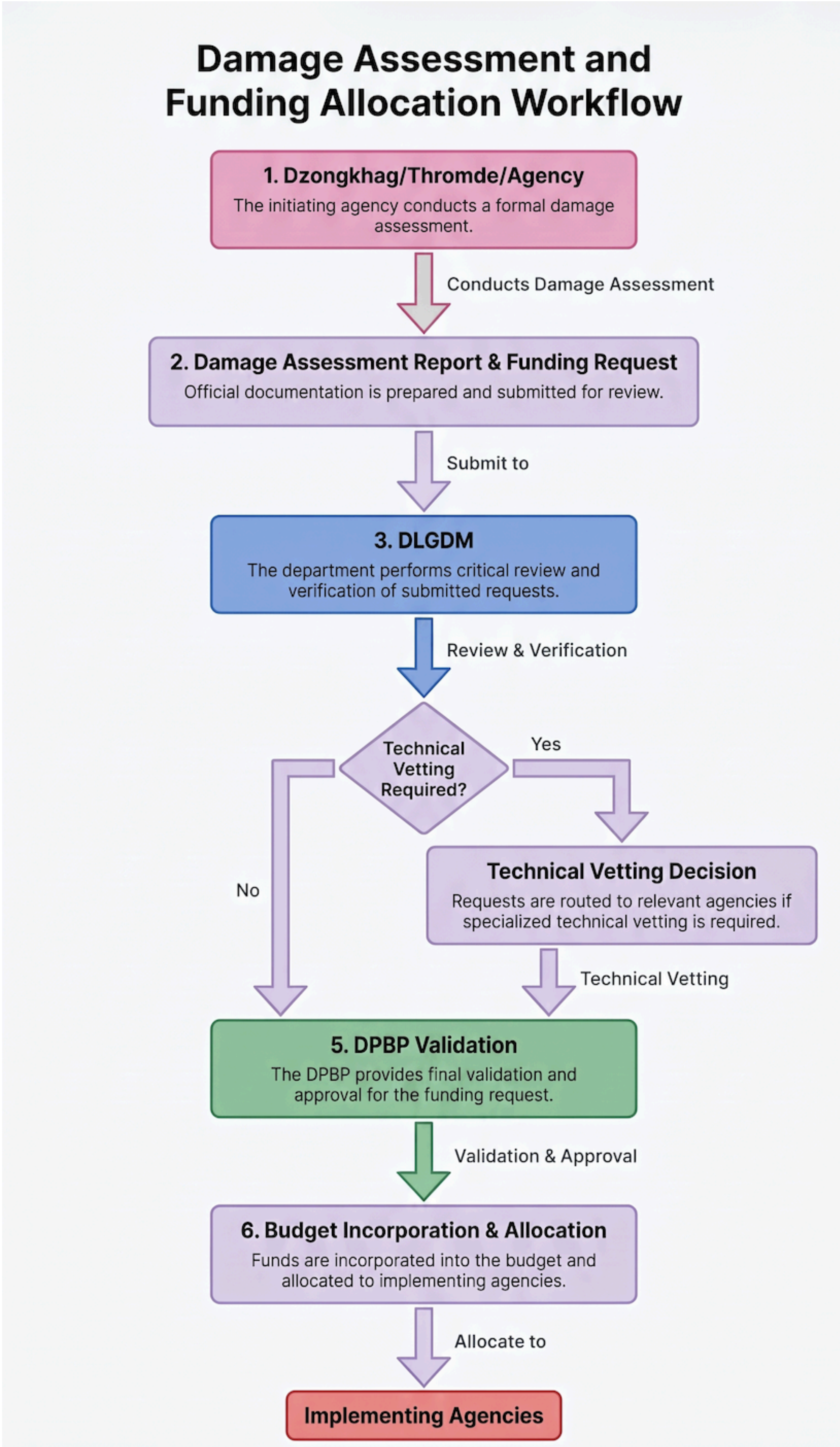
vii. **Common Submission Principle:** All requests for financing under GRDCF, whether originating from Dzongkhags, Thromdes, or Central Agencies shall be routed through DLGDM, which shall serve as the central coordinating, verification and validation authority prior to submission to DPBP, MoF.

viii. **Approval and Fund Release:** The DPBP, MoF, shall review the proposal for compliance with this Guideline, availability of budget, and financing eligibility. Upon approval, DPBP shall authorize incorporation of budgets from the GRDCF. The approved budgets shall be transferred to the designated implementing agency within one week of approval to facilitate timely response, relief, restoration, recovery, or reconstruction activities. A copy of the budget incorporation shall be provided to DLGDM for compilation and reporting purposes.

ix. **Reporting and Documentation:** DLGDM shall be responsible for the end-to-end coordination, compilation, and maintenance of all disaster and financing records. This shall include disaster incident reports, disaster impact and damage assessment reports, funding requests, budget incorporation records, and all other relevant documentation. DLGDM shall ensure consistency, completeness, accountability, and timely information management and reporting throughout the disaster assessment and financing process.

Flowchart Representation

The entire process is visually represented in the flowchart below, illustrating the sequence of actions and decision points.


Damage Assessment and Funding Allocation Workflow
1. Dzongkhag/Thromde/Agency
The initiating agency conducts a formal damage assessment.
Conducts Damage Assessment
2. Damage Assessment Report & Funding Request
Official documentation is prepared and submitted for review.
Submit to
3. DLGDM
The department performs critical review and verification of submitted requests.
Review & Verification
Technical Vetting Required?
Yes
No
Technical Vetting Decision
Requests are routed to relevant agencies if specialized technical vetting is required.
Technical Vetting
5. DPBP Validation
The DPBP provides final validation and approval for the funding request.
Validation & Approval
6. Budget Incorporation & Allocation
Funds are incorporated into the budget and allocated to implementing agencies.
Allocate to
Implementing Agencies

7. Accounts, Audit and Accountability

i. All agencies concerned shall maintain the books of accounts for disaster-related expenditures as per prevailing Financial Rules and Regulations.

ii. All disaster-related expenditures shall be subject to audit by the Royal Audit Authority.

iii. The Chairperson of the concerned DMC shall be accountable for non-compliance, false claims, or misappropriation of funds.

iv. Any misuse, duplication of claims, false declaration, misrepresentation, or diversion of disaster financing shall be dealt with in accordance with the applicable laws, rules, and regulations of the Royal Government of Bhutan.

8. Interpretation and Revision

The Ministry of Finance, in consultation with the Ministry of Home Affairs shall jointly interpret and periodically revise the Guidelines as and when necessary.

9. Effectiveness

These Operational Guidelines for Disaster Financing, 2026 shall take effect from July 24, 2026 and shall supersede all previous guidelines, circulars, and instructions governing disaster financing.

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