

**RETA 6337 – PERFORMANCE MONITORING REPORT**  
As of Project-end 2010

<b>Project Name</b>	<b>SP1- BHU: SUPPORT FOR ANTICORRUPTION AND GOOD GOVERNANCE AT THE LOCAL LEVEL</b>	<b>Mission Leader</b>	:	Gambhir Bhatta
<b>(Amount in US\$)</b>	500,000.0	<b>Dept./Division</b>	:	SAFM
<b>Approval Date</b>	17 Nov 2006 <b>LOA Issuance:</b> 12 Mar 2007	<b>Completion Date</b>	:	<b>Original:</b> 31 Dec 09 <b>Revised:</b> 12 Jun 10
<b>Executing Agency</b>	Ministry of Finance	<b>TA Status</b>	:	<b>Review Missions:</b> <ul style="list-style-type: none"> <li>• 8-11 Nov. 2010</li> <li>• 20-26 May 2010</li> <li>• 15-16 Nov 2009</li> <li>• 14-17 Oct 2009</li> <li>• 31 Mar-2 Apr 2009</li> <li>• 18-23 May 2008</li> <li>• 27-29 Jan 2008</li> <li>• 27-31 July 2007</li> </ul>
<b>Implementing Agencies</b>	Royal Audit Authority (RAA), Royal Civil Service Commission (RCSC)			
<b>Project Description</b>	<p>The subproject was to contribute to the promotion of good governance in Bhutan in such areas as anticorruption, enhanced accountability in service delivery, transparency, and proper management of resources. The objectives of the project were to: (a) strengthen the institutional capacity of selected governance and anticorruption agencies in Bhutan; (b) raise awareness and skills at the district and local levels on how to improve management of resources, and to adhere to the various requirements (e.g., on procurement) that emanate from the center; and (c) contribute to good governance, including enhanced service delivery, in Bhutan.</p> <p>The targeted groups were government institutions at the central level and District Administrations at the local level. The ultimate target groups were service users who rely on government for delivery of particular services.</p>			
<b>Impact</b>	Enhancement of good governance through stronger action against corruption and mismanagement of resources, and greater accountability and transparency in public sector service delivery.			
<b>Outcome</b>	Strengthened institutional capacity of selected governance and anticorruption agencies to help them better fulfill their statutory mandates; and better awareness and skills at the district and local levels on how to improve management of resources, and to adhere to the various requirements and guidelines (e.g., on procurement) that emanate from the center.			

**Financing Plan/TA Utilization (US\$)**

-----Financing Plan-----				-----TA Amount-----		Total Commitment	Uncommitted Balance	Total Disbursement	Undisbursed Balance
ADB	Others	Gov't.	Total	Approved	Revised			Disbursement	
500,000		166,650	666,650	500,000		456,345	43,655	352,514	103,830

**Implementation Progress**

Activities with Milestones	Assessment of Progress to date
<b>1. Strengthening of institutional capacity</b> <ul style="list-style-type: none"> <li>• Review of current institutional arrangements</li> <li>• Conduct/update needs assessment</li> <li>• Develop or fine-tune capacity building packages, including training, study visits, procurement of relevant equipment and technology, in-country management development programs</li> <li>• Put in place a rigorous but practical M&amp;E system</li> <li>• Liaise with other development partners</li> </ul>	<ul style="list-style-type: none"> <li>• Completed review of the work of specific institutions such as the Royal Audit Authority (RAA), and the Anticorruption Commission (ACC).</li> <li>• 12 manuals for improved accountability framework at the national and local levels were prepared and reviewed for the Royal Audit Authority.</li> <li>• Successive training was provided to RAA staff on the audit manuals; some office and training equipment was also provided to RAA</li> <li>• State-of-the-art IDEA software and related hardware were provided for effective operations of RAA.</li> <li>• The ACC was provided with periodic advice and research materials on engaging with the private sector, asset declaration process, and special employment conditions needed to attract staff to the ACC.</li> <li>• Links with UNDP that manages the trust fund on local self-governance project; no ADB direct involvement in the Trust Fund was deemed necessary at this stage.</li> </ul>
<b>2. Raise awareness and skills at the local level</b> <ul style="list-style-type: none"> <li>• Review current organizational and administrative arrangements</li> <li>• Assess nature of weaknesses in district administrations</li> <li>• Develop or fine-tune capacity building packages, including in-</li> </ul>	<ul style="list-style-type: none"> <li>• Completed needs assessments of the district administrations' adherence to the Financial Rules and Regulations as part of enhancing local level accountability and transparency.</li> </ul>

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<p>district training, Thimpu-based management development training, raising awareness of centrally mandated guidelines and requirements</p> <ul style="list-style-type: none"> <li>Put in place a rigorous but practical M&amp;E system</li> <li>Liaise with other development partners</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building (through support for equipment and technology, targeted workshops, and training of trainers) done, particularly for the RAA and the Ministry of Finance.</li> <li>Stakeholder consultations showed that the development of financial transparency tools were the most needed at the local level.</li> <li>Five regional workshops on simplification of the <i>Financial Rules and Regulations Manual</i> were held at the district (Dzongkhag) level. These workshops enabled the financial staff to review the FRR manual and propose how the manual can be simplified. Recommendations were documented and shared with stakeholders.</li> <li>The FRRs were revised and training provided to relevant staff members by the Ministry of Finance on the revisions.</li> </ul>
<p><b>3. Contribute to good governance, including enhanced service delivery</b></p> <ul style="list-style-type: none"> <li>Assess service delivery mechanisms in districts</li> <li>Develop relevant governance tools and familiarize agencies and district administrations</li> <li>Continually assess the utility of the tools</li> <li>Liaise with other development partners</li> </ul>	<ul style="list-style-type: none"> <li>Relevant tools were identified such as budget transparency for citizens, streamlined financial rules and regulations, asset declaration, citizen report cards, benchmarking techniques, and organizational development in key institutions at the central and local levels.</li> <li>Two government staff members were sent to the Public Information Center in India to be trained in use of citizen report cards. They are to be used by Government as resource persons for further in-country training on the tool.</li> <li>Financial transparency forms to make the district (dzongkhag) and bloc (gewog) expenditure transparent were designed, translated into Dzongkha, and displayed in seven locations.</li> </ul>

### Consultant Details

-----Individual/Firm Name-----	Contract No.	Amount	Contract Date	Fielding Dates	-----Completion Dates-----	
					Orig/Revised	Actual
DEVTEC Nepal Private Limited	S-70-144	O: 410,000 R: 456,345	16 Jul 2007	25 Jul 2007	1 Jun 2010	12 June 2010

Other Issues/Problems	Actions Proposed/Taken
<ul style="list-style-type: none"> <li>The TA startup coincided with significant political and bureaucratic change in Bhutan as the country moved to its first elections in December 2007 and March 2008. These external factors to the TA delayed the implementation of several TA activities and resulted in shifting the focus of TA interventions.</li> <li>Government requested for much needed basic office equipment to support to the operations of the Public Procurement Policy Division (PPPD). Though such provision was not in the original TA formulation, ADB agreed subject to the availability of funds.</li> <li>Since the inception of the TA, the World Bank provided support for procurement reform in the country, and other programs in the financial sector.</li> </ul>	<ul style="list-style-type: none"> <li>ADB worked with its Government counterparts in refining the original TA design and revising the schedule of activities to fast-track implementation. This led to the extension of the TA project to 12 June 2010; the Government had sought the extension.</li> <li>The equipment was procured with ADB funds for the PPPD. A review mission objectively verified that the equipment had been delivered and was operational.</li> <li>To avoid duplication of efforts, ADB and the Government refined the TA design to exclude the task of developing financial management and professionalization of accountancy. Support to the PPPD was also provided with due regard to the WB support in other relevant areas.</li> </ul>

### Specific contribution towards achievement of impact and outcome:

- The revised FRRs have made work easier for district level financial administrators, and have also streamlined accountability measures. This should lead to reduced misuse of resources and greater accountability of state funds.
  - The provision of the state-of-the-art IDEA data analysis software and other related hardware has contributed to more effective operations of the Royal Audit Authority. The software helped the RAA accountants, analysts and auditors come up with feasible and practical analysis in their daily tasks. This should, in the medium term, contribute to better mainstreaming anticorruption measures at the local level.
- (A separate progress update on expected results is being prepared)

TASU Project Assistant

PROJECT OFFICER