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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHO DZONG



F. DBA/Budget/2004-05/ 2758

September 27, 2004
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The Chief of Police,
Royal Bhutan Police,
Thimphu.

Sir,

Re. Budget Reduction Measures

As you may be aware, the Government is going through a difficult financial phase, and the budget for 2004-05 is urgently required to be scaled down. As decided by the Council of Ministers, the following course of actions are to be implemented:

1. Respective agencies are to review their capital budgets budgeted for financing from the RGoB's own resources. A list of activities identified for reduction in each agency is attached herewith.
2. With regard to the current expenditures, reductions are being effected under the following heads:
 - o Entertainment budget by 10%;
 - o TA/DA budget by 5%;
 - o Vehicle maintenance budget by 20%;
 - o Stationeries budget by 10%;
 - o Mobile phone allowance by 50%;
 - o Telephone budget by 5%;



Therefore, all agencies are requested to plan their operations expenses accordingly.

- 3 All agencies are also requested to
 - o Coordinate to reduce foreign guests entertainment such that there is not more than one entertainment and by the most relevant agency;



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- Reinforce the "No foreign drinks" rules and "Number of guests" rules for entertainment;
- Do away with the "mandatory" travel requirement for field personnel;
- Base air travel on excursion fares only;
- Reduce travels abroad;
- Enforce "travel entitlement" rules strictly;
- Replace comprehensive insurance with third party insurance for Government vehicles;
- Centralize the function of vehicle management with the respective Administration & Finance Divisions, and strictly curtail vehicle movement before 9 am and after 5 pm, and on weekends/holidays;
- Ensure that all vehicles bear the name of their respective Ministry/Department/Agency
- Reduce inaugural and other ceremonial expenses in workshops annual meetings, and seminars;
- Ensure that loan project proposals do not include procurement of vehicles, cameras, laptop computers, study tours, HRD and any current expenditure;
- Reinforce policy to encourage printing in Bhutan;

4 All agencies are advised to review the following:

- Need for new divisions, agencies and explore possibilities for merging functions to shut unnecessary offices as well as to cut costs;
- Privatisation of commercial activities if any;
- Cheaper alternatives to existing pool vehicle system;
- Possibility of outsourcing various services;
- Multitasking such as use of drivers as messengers;
- RGoB financing of trainings abroad



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- Standardization of stationery, furniture and other items procured frequently by the Government, and explore possibility of rate setting for stationery etc.;
 - Possibility of other fees and charges to ensure proper cost recovery;
- 5 Agencies are advised not to propose any new activities, which are not in the Plan.

There might be many other cost-cutting measures, and the Ministry of Finance would appreciate receiving any such proposals also. An early action/response would be appreciated on the issues raised above.

Yours' sincerely,


Wangdi Norbu
Finance Minister

Encl.: Capital Budget Activities Identified for reduction for the Ministry/Agency

Copy:

1. The Cabinet Secretary, Cabinet Secretariat, Tashichho Dzong, Thimphu.
2. The Finance Secretary, Ministry of Finance, Tashichho Dzong, Thimphu